







## EUROPEAN NEWS

## Further heavy increase in W. German money supply

BY GUY HAWTIN

THERE was a heavy increase in the rate of expansion of the West German money supply in June, according to the Bundesbank's August report, published today. It increased at double the average rate of the preceding five months.

The Federal Republic's Central Bank stated that, excluding seasonal influences, the money supply rose—cash, rights deposits, time deposits under four years and savings deposits—rose by DM6bn. (€1.32bn.) in June. This compares with a DM4bn. (€879m.) increase in June and a rise of DM3bn. (€599m.) in April. Furthermore, the increase was measurably higher than the DM2.5bn. (€499m.) monthly expansion rate recorded in the first quarter.

On a yearly basis, the Bundesbank estimates that the money

supply in the second quarter showed a growth rate of 11.5 per cent. against a first quarter expansion of about 6 per cent. The comparable figure for June last year was 11 per cent.

According to the report, the powerful acceleration of monetary growth was particularly marked in cash and sight deposits, which in the second quarter rose by 20 per cent. Time deposits also went up by 15 per cent.

Even more than in the previous two months, June's growth was attributable to the strong banks' credit advances to domestic customers. Credit from the institutions—including securities—expanded by close on DM13bn. (€2.6bn.).

Substantial credit expansion at this time of year was by no means unusual, although it had

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never before been so strong, the report comments. In June, 1975, it went up by DM8.5bn., while the year before it rose DM11bn.

The impetus had come from a powerful surge in credit demand from industry and private consumers. In the month under review, new bank credit totalling DM11.5bn. (€2.33bn.) had been taken up, compared with DM5.5bn. (€1.12bn.) in the same month of 1975.

Of this, DM8.5bn. (€1.87bn.) was short term credit, said the report. Long term direct credit to the private sector totalled nearly DM3bn. (€599m.) and this was measurably higher than the DM2bn. (€400m.) a year earlier. The strength of credit demand could be gauged from the first half figures which showed that domestic industrial and private customers had taken up DM24bn. (€4.87bn.)—close on five times higher than the DM5bn. (€1.1bn.) recorded in the first half of 1975.

Some four-fifths of the credit granted in the first half of the year was in the form of long term direct credit. Strong increased demand for short term credit was first noted in June.

● **OIL DEMAND** in West Germany rose by about 8 per cent to 61m. tonnes in the first half of 1976, according to the Federal Republic's Oil Industry Association. Consumption, however, remains a good 10 per cent—7m. tonnes—lower than in the pre-oil crisis first half of 1973.

Demand for most important products, such as crude benzene, diesel oil and fuel oils, remains well under 1973 levels. Only motor spirit has risen on an oil crisis figures, with West German motorists buying 6.4 per cent more petrol than in the first half of 1973.

The economic upturn in the chemicals industry has produced a welcome 60 per cent increase in demand for urea. However, the Association points out that demand fell by 40 per cent during the first six months of 1973.

As tension between the two Aegean nations continues to build over their claims to the Sea's possible mineral wealth. Our Athens Correspondent reports on the Greek position, and, below, Our Ankara Correspondent gives the Turkish view.

## Fear of military stranglehold

GREEK PREMIER Constantine Karamanlis's decision to appeal to the UN Security Council and the International Court of Justice at The Hague are his latest peaceful trump cards before facing Turkey by armed force.

With relations between the two hostile neighbours at razor's edge, the Greek Premier has obviously weighed the unpredictable consequences of a war which would be a political, economic and social setback for the country. Greece may stand to lose much more than Turkey in a military confrontation.

The Greek armed forces are far better equipped today and at a higher morale than they were a few years ago, but the loss of the military junta. Since July 1974, when Mr. Karamanlis was recalled from self-exile to take the helm, he has seen to it that the Greek armed forces are supplied with up-to-date equipment, more than a quarter of the state budget being devoted to defence.

In the past year, Greece has launched a wide-scale campaign to enter the EEC and create openings in the Balkans and in the Arab world and it has no intention of jeopardising its newly won international prestige by getting involved in a military adventure with Turkey.

Greece has therefore opted for the diplomatic route in order not to appear as the aggressor but as the victim of Turkish intransigence.

The Aegean issue is vital for any Greek government because it seems apparent to the Greeks that if Turkish expansionist rights are arbitrarily established by Turkey west of the Greek islands off the Turkish Anatolian coast these islands would be stranded and rendered militarily helpless. In time, it is believed, they would thus be prey to Turkish aggression.

The issue therefore is not only one of oil exploration, especially since the mineral riches of the seabed are still unverified, but more so one of preserving the integrity of important Greek territories.

Although Mr. Karamanlis has chosen the peaceful diplomatic route, he is under pressure from Mr. Andreas Papandreu, the leader of the Pan Hellenic Socialist movement, and certain junior army officers, to call Turkey's bluff and risk a military confrontation.

Mr. Karamanlis thinks that this policy is a reckless one, as any hostilities would mean a setback for the country politically, diplomatically and economically, but he is uncertain whether he will be able to ignore such pressures if Turkey maintains its present tactics.

Mr. Papandreu appears to have caught the public mood and sense of dignity. The average Greek would rather go to war than be humiliated by the Turks, whom he has been taught from his school days to consider as "national enemies."

Mr. Papandreu harps on the argument that this is a long power game run by the United States and Nato in order to reassert Washington's dominance in the area, where it wants to be the arbiter.

The Red Carpet treatment given to former Turkish Premier Bulent Ecevit during his visit to Washington has further convinced the Greek people that the Ford Administration, especially U.S. Secretary of State Henry Kissinger, lean in favour of Turkey when it comes to disputes with Greece.

The Greeks have not forgotten that it was Mr. Ecevit who ordered the invasion of Cyprus, which resulted in the occupation of 48 per cent of the island. And, right or wrong, they have not stopped believing that Turkey would not have dared without Washington's consent.

enemy and Ankara began laying great emphasis on free movement in the Aegean as a major issue. For the Greeks the Turkish claims, coming after about 50 years of inactivity, were a nasty shock. Predictably they reacted firmly. Greece has 3,054 islands and islets in the Aegean (Turkey has two), of which 34 per cent is claimed as Greek territorial waters, while 8.6 per cent is claimed to be Turkish waters.

Athens rests its case on the Geneva Convention of 1958, which allows a continental shelf not only to the mainland but also to islands. If Ankara were to accept this, Turkey argues, all the Aegean beyond Turkey's territorial waters would become a Greek continental shelf since it is dotted with Greek islands.

Turkey does not uphold the Geneva Convention and maintains that the Aegean should be treated as a special case because of the smallness of the Greek



Playing second fiddle to Mr. Papandreu, Mr. George Mavros,

the leader of the Union of the Democratic Centre (the main

opposition party), has urged the

Government to break off negotiations

with the U.S. on the future of

American military bases in

Greece.

He has accused the U.S. and

Nato of standing by as specta-

tators while Greece and Turkey,

nominal Nato partners, go for

each other's throat.

Mr. Karamanlis obviously can-

not overlook the criticisms, to

which he will probably have to

align himself as a last resort if

peaceful means fail.

## An imbalance of power

IN ANY armed conflict the balance of advantage, in terms of the quantity of men and material, would be with Turkey. Figures published by the International Institute for Strategic Studies in its Military Balance last year put the total Turkish armed forces at 433,000 men, against only 161,200 for Greece. Turkey had 282 combat aircraft, against Greece's 250, and the Turkish Navy had more submarines, destroyers and patrol boats—in addition to more than 50

landing craft, which the Greek fear could be used against its Aegean islands. The Turkish Army, with 263,000 men, was the largest in the world. The Greek Army, Turkey had one armoured division, two mechanised infantry divisions, 10 infantry brigades, three armoured brigades, three mechanised infantry brigades, five infantry brigades, six parachute brigades, an armoured cavalry regiment and three surface-to-air battalions with 10,000 John

## France eases controls on investment overseas

PARIS, August 10.

THE FINANCE MINISTRY has issued a circular modifying the controls on direct investments by French residents abroad and by non-residents in France.

The circular, effective today and published in the Official Journal dated August 8, raises to Frs.3m. from Frs.1m., the amount of direct investment French residents may make abroad without prior Treasury authorisation.

The circular requires residents with direct investments abroad, whether or not these required prior authorisation initially, to submit to the Treasury authorities balance-sheets, operating accounts and profit and loss accounts of foreign subsidiaries or branches.

French residents will in future have to notify the Treasury of any changes in the

capital structure of and shareholdings in their foreign affiliates, as well as any major changes in a subsidiary's activity, it said.

Foreigners wishing to repatriate proceeds of liquidating direct investments in France mainly connected with property must submit justifying documents to the Bank of France if the amount is over Frs.1m.

The circular requires shares or other documents representing the participation of a resident in a direct investment abroad to be repatriated to France or held abroad by an approved intermediary.

The circular extends the definition of direct investment to include companies whose principal activity is to arrange finance.

## Protests as Gen. Spínola returns to Portugal

BY PAUL ELLMAN

LISBON, Aug. 10.

EX-PRESIDENT Antonio De Spínola returned suddenly today to Portugal 17 months after fleeing the country in the wake of a failed right-wing coup.

His return sparked a storm of protest from the Communist Party and the revolutionary left, but spokesmen for the Government and the main opposition parties indicated he was welcome to come home so long as he was prepared to face the possible consequences.

General Spínola flew into Lisbon on a scheduled flight from New York and, according to eyewitnesses, stepped off the aircraft in a sombre business suit, his eyes shaded by dark glasses instead of the more familiar monocle.

He was greeted by police and army officers who immediately whisked him from the airport to the fortress prison at Caxias, on the outskirts of the city, for questioning.

Official spokesmen confirmed that a warrant issued for Gen. Spínola's arrest after the abortive coup attempt on March 11 last year was still in force. The authorities have 48 hours in which to decide whether he should be charged or not.

The 65-year-old General's return provoked a flurry of speculation in political circles here, where it was noted that it coincided with the closing stages of a five-day parliamentary debate on the programme proposed by the new socialist minority Cabinet headed by Dr. Mario Soares.

The Communist Party weighed in early with a statement alleging that Spínola's return would give "new impetus and arrogance" to those who opposed the "gains of the Revolution."

The sole Deputy of the far-left Popular Democratic Union (UDP) tried to have the National Assembly suspend its debate on the Government's programme to debate a motion calling for Spínola to be put on trial but was defeated overwhelmingly, with Communist members abstaining.

General Spínola has been the favourite whipping boy of the Communists and the far left since he was first driven from the Presidency after only five months in September 1974 and then into exile last year.

During last June's Presidential election campaign, Major Otelo Saraiva de Carvalho, the far left candidate, alleged that General Ramalho Eanes was a stalking horse for General Spínola, referring to the current President as "another Hector Campora" in reference to the Argentine politician who held on to the Presidency until Juan Peron could return.

Whatever the truth of the Left's allegations, the unexpected early return of General Spínola is likely to add to the difficulties President Eanes is encountering from a newly resurgent right wing within the Army.

Right wing officers have lately circulated units vying complaints about the allegedly left wing bias of the current regime and there have been signs of moves to oust leading moderate left wingers from the military's Revolutionary Council.

General Spínola's return also coincided with a round-up of right wingers allegedly implicated in terrorist bomb attacks. Ten people are currently detained in the Caxias Prison.

## East German report on border death

EAST GERMANY has given

Italy the report it requested on the killing of an Italian truck driver on Thursday at a highway border checkpoint, an Italian Embassy spokesman said, reports UPI.

He said the East German Foreign Ministry gave the report to Ambassador Behrmann Dell Elm on Monday.

The truck driver, Benito Corghi, 35, a member of the Italian Communist Party, was shot and killed by an East German border guard at an East-West German border.

The Neues Deutschland, official Communist Party newspaper, said on Monday that "a tragic chain of circumstances caused his death." It gave no details.

Meanwhile, East Germany said tonight it will release West German Willi Bubbers, shot and taken away by border guards last month when he crossed into East Germany territory near Ratzburg while on holiday with his family. A West German spokesman said East Germany would not proceed against 50-year-old man.

## Seveso warning

Pregnant women living near Seveso, in Italy, were officially warned yesterday that they might give birth to deformed children, reports Reuters from Seveso.

The Regional Health Commissioner Professor Gaetano Maria Lara told a Press conference that there was no reliable medical evidence available on the dangers to pregnancy posed by dioxin, the toxic substance released in the atmosphere from a factory last month. But he said there was a possibility that pregnant women were running the risk of delivering deformed babies.

## Danish delay

Denmark's Social Democratic minority Government has decided to delay a Bill to give the country nuclear power, reports Reuters from Copenhagen.

The decision is almost certain to hold up plans for Denmark's first atomic power station, due to have become operational by 1985. The Bill also contained proposals for five nuclear power plants by the mid-1990s.

## Soviet approval

THE Soviet Council of Ministers yesterday approved and proposed for Parliamentary ratification two pacts with the U.S. on underground nuclear weapons tests and nuclear explosions for peaceful purposes. The first pact, according to AP-DJ in Moscow.

One pact, signed in July, 1974 in Moscow by Communist Party Leader I. Brezhnev and President Nixon, committed the two countries to stop underground nuclear weapons tests of more than 150 kilotons.

## Spanish amnesty

About 100 of Spain's estimated 630 political prisoners have been freed from jail under the amnesty decreed by King Juan Carlos last week, prison officials said yesterday, reports Reuters from Madrid.

## Ruling on the continental shelf 'should ignore islands

BEHIND the latest crisis between

Ankara and Athens lies Turkey's

determination to share the

economic and strategic spoils of

the Aegean Sea with Greece, pre-

ferably through peaceful means

but if necessary by war.

Seen from Ankara the dispute

dates back to 1974, when two

events made a deep impression on

Turkey and contributed to the

Aegean crisis.

The first was Greece's dis-

covery of commercially exploit-

able deposits of crude oil and

natural gas in the northern

Aegean. This induced Turkey,

which spends about 70 per cent

of its total export earnings on

the import of crude oil, to invoke

its demand to claim the

Aegean's continental shelf.

The other event was the then

Greek junta's attempt to annex

Cyprus, the toppling of Cyprus

President Makarios and Turkey's

subsequent invasion of the island.

Greece quickly replaced the

Soviet Union as Turkey's arch-

enemy and Ankara began laying great emphasis on free movement in the Aegean as a major issue.

For the Greeks the Turkish claims, coming after about 50 years of inactivity, were a nasty shock. Predictably they reacted firmly.

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Athens rests its case on the Geneva Convention of 1958, which allows a continental shelf not only to the mainland but also to islands. If Ankara were to accept this, Turkey argues, all the Aegean beyond Turkey's territorial waters would become a Greek continental shelf since it is dotted with Greek islands.

Turkey does not uphold the Geneva Convention and maintains that the Aegean should be treated as a special case because of the smallness of the Greek

islands and their proximity to the Turkish coast. Turkey argues that the Greek islands themselves rest on the natural extension of the Anatolian mainland. Therefore, it claims, the boundaries of the shelf must be delimited without taking into account the islands but the natural extensions of the mainlands of Turkey and Greece.

Greece has added new dimensions to the Aegean problem by putting troops on the Dodecanese islands. The Turks claim this is violation of international agreements by moving troops and hardware within miles of the Turkish coast.

Another dimension to the problem is the controversy over the control of air traffic over the Aegean which has resulted in the closure of the air space since 1974.

Prime Minister Suleyman Demirel's decision to send the state survey vessel, Sismik 1, into the Aegean brought

the crisis to a head and disrupted the talks that were being held on the shelf and airspace. ("No talks as long as the Hora is in the Aegean," a Greek diplomat told the Foreign Ministry frankly.)

The ship's presence in regions Greece considers to be under its sovereignty showed that Mr. Demirel is determined to continue pressing Turkey's economic claims in the Aegean. The Turkish anti-Greek feelings, which are the first step in revoking Greek claims to the Aegean. In this, Demirel has the full backing of the Turkish public, which sided on 100 per cent with anti-Greek feelings, will not tolerate anything resembling a Turkish climbdown.

Turkey has granted its oil company, TPAO oil exploration permits ranging over 3m. Ha in the disputed areas. Perhaps the best indication of Turkish determination to press ahead in the Aegean is that TPAO yesterday

applied for five new Aegean permits. The Greeks, who probably realise the difference between making a fuss and waging a war which (in Turkey's opinion) they are bound to lose, yesterday decided to refer the problem to the U.N. Security Council and the International Court of Justice.

This gave Athens room to hope that military confrontation observers here believe, and internationalise the problem with the Mr. Demirel wanted to keep private matter between the two countries.

But the situation is far from being defused. The Hora is still at sea and will have to be sent on a mission ends, probably August 15.

"We want to avoid war," a Turkish diplomat, "but we want our fair share in the Aegean as well and we shall do it by war or peace. It is up to the Greeks which method to choose."

## IRELAND AND THE EEC

## From golden boy to deadbeat

BY GILES MERRITT IN DUBLIN

THE EEC, until very recently, was an institution that Ireland thoroughly approved of. Tired of its status as an economic satellite of Britain, the Republic was only too happy to exchange the British yardstick for Brussels' metre rule. But that was getting on for four years ago, and the mood has changed.

A few weeks ago confidential reports on the ailing Irish economy by an EEC task force were leaked to Dublin newspapers.

To the undisguised annoyance of the Irish Government the study challenged some of the more optimistic forecasts that are the articles of faith of the Department of Finance, and spelled out the message that the Irish economy is in a bad state and rapidly getting worse. That it was, after all, the reason for broadening the EEC special report from an investigation of Ireland's unwillingness to implement the Brussels directive on equal pay for women into an overall analysis of the economy. For in the short space of 12 months Ireland has gone from being the golden boy that championed almost all the European ideals during its first-half 1975 presidency, to being an economic deadbeat that risks over the coming decade turning into Community deadweight.

Ireland today heads the least sought-after EEC league tables: unemployment with a national average of 10.2 per cent, and inflation at 16.2 per cent. The figures almost certainly understate the Republic's true position. The next official figures on inflation, due in mid-August, are likely to confirm the trend of the Consumer Prices Index towards an increase in 1976 near to 25 per cent, while the Irish phenomenon of many unemployed among the women and agricultural workers is suspected of hiding a true level of unemployment over 12 per cent.

Ireland also heads the EEC chart for birth-rate. Many economists now fear that it is the most significant pointer of all, for within 10 years the population will have gone from 3.1m. to 3.8m. and the authorities are already despairing of finding jobs in 1985 for young people. Thanks to the recession and Ireland's continuing industrial shakedown, jobs are disappearing while the workforce is growing.

Mr. Richie Ryan's Budget in January, which was generally deflationary although the OECD and the EEC Commission had advised against it, has been blamed for damaging industrial relations. Far from obtaining the 1976 voluntary pay pause asked for, it created a climate in which the trade unions have aggravated the Republic's economic difficulties by refusing a relatively handsome 13 per cent national wage deal. The central bank, in its latest quarterly bulletin, warns that the inflationary effect of the postponed wage agreement will be felt next year.

The Economic and Social Research Institute, which often advises the Government, has stated that the economic situation now seems worse "than seemed possible six months ago," and described the problem as "insurmountable." Conceding that because of the Western European upturn, Ireland can look forward to an export boom this year, it went on to quash all hopes of export-led recovery by pointing out that imports are rising even faster. The external payments deficit this year, it suggested, will be £200m. (healthier, though, than an EEC forecast of £300m.), which means a return to the bad old days before last year's healthy bloodbath of a deficit of only £21m.

The EEC's latest contains dismal predictions of higher unemployment and inflation, and

revises its earlier forecast of 2 per cent GNP growth for 1976 down to 1 per cent on the day it came out. Mr. Liam Cosgrave, the Prime Minister, stuck to his guns in the Dail and insisted that the growth rate would be 2 to 3 per cent. But even some Ministers are far from sanguine. Mr. John Kelly, Parliamentary Secretary to Mr. Cosgrave and chair Whip, recently said that unless steps are taken "fairly soon to solve unemployment the Irish Republic could face revolution."

When coldly trotted out, many of the economic indicators at first

Republic direct Community aid. Dublin's position is that it does not wish to compound its economic problems by accepting further EEC loans or tied grants that must be matched by the Irish Exchequer.

There is, one suspects, an element of subtle, moral blackmail in all this. Ireland has been one of the most aggressively enthusiastic "Europeans" since the Six became the Nine, but some economists say that for the Republic to match the average EEC standards of living by 1986 an impossible yearly GNP growth rate of 9 per cent would be

needed. If the gap is to remain where it is, and Ireland is still far below the EEC norm when it comes to such measurable trinkets as TV sets or even telephones per 1,000 of population, an equally improbable GNP rate of 6 per cent a year would be needed. The best ever in the Republic's history was 4.1 per cent in 1960s was 4.1 per cent. Ireland's hope is that the EEC will be so moved by the Community spirit that it will be prepared to bankroll the Republic to an ever greater degree, or, as Mr. Ryan recently put it, recognise that Ireland's structural problems outweigh her resources.

Unfortunately for the Irish the EEC Commission did not react to the task force's report with spontaneous generosity. Funds are not to be found within the Community to help Ireland to step direct grants to

Ireland heads the EEC for both unemployment and inflation, and a recent confidential Community report challenged some of Dublin's most optimistic forecasts. However, Irish ministers have claimed that sound planning could open up a future of "economic miracles."

Because Ireland is apparently fighting an uphill battle against poverty, the Government was prepared to swallow its pride when the EEC task force report became public. It believed that the survey would quickly result in a decision to grant the Irish

second EEC survey of the Irish economy is shortly to get underway. This time, presumably, will not be confining itself to analysis of the Republic's present economic difficulties, but to the underlying structural weaknesses—exactly the approach that the Irish Government is belatedly getting down to.

There is now much debate about the need for an economic plan to the underlying structure of the Government is to publish a Green Paper setting out its proposals on the matter. With the Cabinet some Ministers, notably Mr. Josiah Kenna, Minister for Industry, believe that sound central planning could turn the next 25 years from decline into a period of economic miracle. They say that some industries are "present being overhauled" and become among Europe's most modern, that Ireland enjoys the advantages of an expanding workforce, that an offshore strike must soon come and end the endemic payment crisis.

The snag is that a plan along this line poses serious questions. The Irish are unable to answer one on practical grounds, and emotionally make unwilling to answer the other. First, the Irish Government is far from being able to control its own economy, as the external value of its currency and even the interest rates that can obtain here are largely under British influence.

Second, planning means the setting up of a powerful central department overseeing Dublin's jealously separate Government Ministries, which would be as a degree of dirigisme as well as a return to the old Irish way of doing things.

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## AMERICAN NEWS

## Ford camp wins first Kansas convention battle

BY DAVID BUCHAN

THE SPARRING between the rival Ford and Reagan camps has begun in earnest in Kansas City over a number of important issues that could have a decisive impact on which contender wins the Presidential nomination when the Republican convention formally opens next week.

First blood has gone to the supporters of President Ford, whose predominance on the crucial Convention Rules Committee squashed an attempt yesterday by Mr. Ronald Reagan's campaign manager, Mr. John Sears, to require candidates to announce their Vice Presidential running mate before the delegates select the Presidential nominee. Mr. Sears had proposed that Mr. Ford would be freed from their allegiance, should the President refuse to endorse his choice of running mate at least 12 hours before the balloting begins for the Presidential nomination.

The Reagan camp still hopes that it can force Mr. Ford into a choice at least as controversial as Mr. Reagan's choice of Senator Richard Schweiker. But Mr. Ford shows no sign of allowing himself to be rushed into a



tactical mistake like that, and he is doing all he can to spin out the process of taking soundings in the party as to whom it thinks its choice should be. Tomorrow he has asked for the views of the party's national officials on this. But Mr. Sears, who has proved himself a canny

WASHINGTON, August 10.

the Reagan camp that just a few abstentions would deny Mr. Ford a first ballot victory and that in the resulting confusion Mr. Reagan might just pull through. Again, the weighting of the Convention Rules Committee, which is due to make a final decision on this matter late today, towards President Ford, makes a change in the rule likely.

Another move by the Reagan camp that has been, at least temporarily, scuttled yesterday was the proposal that the Presidential candidates be asked to give ten minute speeches to the delegates immediately before the delegates' balloting. The hope of the Reagan camp was that the delegates would be warm from their candidate's superior speaking performance as they cast their ballots, but it was understood that the delegates had already suffered enough exposure to the two candidates, and further speeches were superfluous. Mr. Reagan did win a small victory yesterday however, when a strong supporter of Mr. Ford was ousted from the important policy subcommittee on abortion, women's rights and busing and a Reagan sympathiser put in his place.

## Union threat to striking miners

BY STEWART FLEMING

AS THE EXECUTIVE of the United Mine Workers' Union issued orders to-day threatening to expel members refusing to go back to work, the coal mine owners published bitter attacks on the union in the major U.S. newspapers.

Over the past three weeks over half the soft coal miners in the country have been on unofficial strike following a local dispute in West Virginia. In spite of efforts by union leaders to persuade the men to return to the pits, what began as a protest against one company has turned into a widespread attack on the coal owners for their resort to the courts to settle disputes when established grievance procedures break down.

In the Wall Street Journal, Washington Post, and New York Times, the Bituminous Coal Operators' Association published full-page advertisements under the headline: The United Mine

Workers of America and the Law.

The advertisements claimed that the union has used the legal system to push through improvements in mine safety, obtain exclusive bargaining rights, and obtain liberal benefits for miners suffering from black lung.

In return for these advantages, the advertisement says that the union promised no strikes and the settlement of disputes by arbitration. But the coal owners go on to point out that since the 1974 contract with the union was signed there have been over 4,000 illegal strikes, and the nation lost 27m. tons of coal. It says of the latest dispute, involving the Cedar Coal Company, that the company sought court removal of illegal pickets the "mine workers cried 'foul' and struck the entire industry to support its unlawful coercion of one employer."

## IMF credits open to S. Africa

BY OUR OWN CORRESPONDENT

SOUTH AFRICA still has two further credit tranches worth \$20m. Special Drawing Rights (SDRs), which it can call on if the price of its gold continues to decline, International Monetary Fund sources said to-day.

Last week the Fund approved a standby credit of \$10m. SDRs over the next 12 months to South Africa, whose trade deficit last year doubled from the previous year to R1.6bn. and has widened

still further in the first half of this year.

In approving the latest stand-by credit, the Fund has noted the restrictions that the South African Government has imposed on internal credit and its cuts in public spending and higher taxes. Although the letter of intent that South Africa has submitted to the Fund has not yet been made public, it is assumed that the Fund has been assured that the South African import

deposit scheme really is temporary as Pretoria has been saying in public. The scheme was introduced in August.

It is not being ruled out that South Africa, which has in the past been a heavy borrower from the Fund, may well want to come back for its further credit tranches in the next few months. But if it does, the Fund sources say, the conditions attached to the credit will be correspondingly tougher.

## Carter tough on pay offs

WASHINGTON, August 10.

Mr. Jimmy Carter indicated that he favours tough treatment for executives of corporations which make foreign pay-offs.

The Democratic Presidential candidate criticised as too lenient President Gerald Ford's recent proposals for a law requiring companies to report pay-offs to the Commerce Department, where the information would be kept secret for at least a year. Mr. Carter attacked the Ford plan as a "concept of confidential disclosure" and "permissive criminality."

Speaking before the public citizen forum, Mr. Carter said: "I see no reason for corporations to give bribes in this country or in other countries." He added that he would like to see criminal penalties, including jail terms for leaders of companies which engage in "subversion of society" by bribery or in other corporate abuses, such as actions that endanger public health.

Mr. Carter also told the consumer-oriented audience that he would like to end the "kind of revolving door" between Federal regulatory agencies and the industries they are supposed to regulate. He said he would favour a law making it illegal for members of regulatory agencies to go from their Government posts to jobs in the industry they had regulated.

This would be a drastic change from present practice, where Federal regulators often use their Government background to obtain high-paying jobs in industry. Some agencies currently have rules barring former regulators for certain lengths of time from representing industry in matters before their old agencies, but they do not prohibit taking a job.

It was not clear precisely what time period Mr. Carter contemplated prohibition would cover.

## AUTHORS WANTED BY N.Y. PUBLISHER

Leading book publisher seeks manuscripts of all types: fiction, non-fiction, poetry, scholarly and religious works, etc. New authors welcomed. Send for free booklet, P-1, Venture Press, 514 W. 24 St. New York 10001.

## New York recovers after hurricane

NEW YORK, August 10.

RESIDENTS of New York area today began repairing the havoc left by Hurricane Belle, which spent its fury on the populous suburbs of Long Island and southern Connecticut early to-day before diminishing to a tropical storm.

A 19-year-old girl was crushed to death by a falling tree in the town of Wading River, New York. Thousands of trees were uprooted, and a long and complicated one in Japan. It is the last of a series of emission regulations and has met with the most industry opposition. Only a year ago, car manufacturers here insisted they could not meet the new rules in 1978, so MITI feels that Tokyo could employ the face-saving device of temporarily only applying the 0.6 grams limit on the grounds that it would be roughly equivalent to standards already in force elsewhere.

MITI is apparently wanting to make amends for the tremendous upsurge in Japan's car exports to Europe and America by giving in over exhaust. Foreign makers are already snarling under emission standards applied since April 1, which in fact are more severe than those applied in California.

But ministers anticipate strong opposition to such a dual regulation both at the Environ-

## Canadian jobless rise

OTTAWA, August 10.

UNEMPLOYMENT turned up again in July after dropping for three months, Statistics Canada reported to-day. The number of jobless in the country rose to 7.3 per cent of the work force from an even 7 per cent in June.

Jobless rates increased in all provinces except Nova Scotia, New Brunswick and Saskatchewan. They dropped in the two maritime provinces and remained unchanged in Saskatchewan.

Much of the increased unemployment occurred in the 15 to 24 age group. The jobless rate for women in this bracket rose to 12.3 per cent, up eight-tenths of a point. The rate for men reached 13.2 per cent, an increase of two-tenths.

AP-DJ

## Peru oil search

LIMA, August 10.

THE PERUVIAN oil monopoly Petroperu to-day announced that about 20 foreign companies are interested in the new phase of oil exploration in Peru's Amazon jungle areas and northern coastal shelf.

The companies were not identified, but General Maximiliano Velarde, executive president of Petroperu, said that the legal relation between Peru and the companies will be determined by the so-called "Peruvian model," which will be modified in order to promote foreign investment while taking into account national interests.

AP-DJ

## Viking 2 on target

PASADENA, August 10.

VIKING 2 is right on target for a September 4 landing on Mars, where it will join its sister ship in sending back valuable data on the planet. The craft made a successful orbit insertion on Monday and scientists at the Jet Propulsion Laboratory said that a landing site could be chosen as early as August 19 or as late as August 30.

Scientists said that they hoped to put the ship's lander down in an area of apparent permafrost. Such an area would be tested for water, which would make the possibility of life on the planet more feasible.

UPI

## Gas price decision

WASHINGTON, August 10.

THE U.S. Appeals Court here has blocked a Federal Power Commission (FPC) decision allowing sharp boosts in natural gas prices course was produced to agree to refund the increases if they later are ruled unlawful.

In a unanimous decision, the court said that producers may file rate applications with the FPC reflecting the new rates only if the requests include provisions for a refund to pipeline customers of any portion of the new rates later rescinded.

FPC collector Alan Tule said that the agency is considering appealing against the decision. "It deprives the FPC of the opportunity to make the determination of the propriety of refunds," he said.

AP-DJ

## Jamaica aid

By Our Own Correspondent

KINGSTON, August 10. JAMAICA is to receive financial assistance totalling \$3.2m. from the European Development Fund, European Community deputy director Maurice Foley has said here.

Most of the money is to go towards the construction of microdams to be used by small farmers in drought-prone parts of the island, while smaller amounts have been allocated to technical training programmes.

## Andean Pact crisis

By Canute James

SANTIAGO, August 10. THREE top Andean Pact officials have started their second day of talks with Chilean authorities in an effort to solve the crisis affecting the organisation. So far no progress has been reported, while the Press of the member countries is criticising Chile's refusal to sign a tariff agreement last week in Lima.

The three officials are to leave Santiago to-night.

## Japan may ease emission rules for imported cars

BY DOUGLAS RAMSEY

JAPAN may exempt imported cars from the strict auto emission standards, which are to enter force from 1978. Sources at the Ministry of International Trade and Industry (MITI) say that several avenues are being explored to let foreign companies, including British Leyland and Volkswagen, off the hook, at least temporarily.

The debate over the nitrogen content in auto exhaust is a long and complicated one. In Japan, it is the last of a series of emission regulations and has met with the most industry opposition. Only a year ago, car manufacturers here insisted they could not meet the new rules in 1978, so MITI feels that Tokyo could employ the face-saving device of temporarily only applying the 0.6 grams limit on the grounds that it would be roughly equivalent to standards already in force elsewhere.

MITI is apparently wanting to make amends for the tremendous upsurge in Japan's car exports to Europe and America by giving in over exhaust. Foreign makers are already snarling under emission standards applied since April 1, which in fact are more severe than those applied in California.

But ministers anticipate strong opposition to such a dual regulation both at the Environ-

TOKYO, August 10.

mental Agency and the Transport Ministry. So it may ultimately opt for another alternative, one which would simply exempt foreign made cars from the new standards for two or three years. This, they feel, could gain acceptance on the grounds that it would promote "stability" in international trade and not antagonise the countries which are now buying Japanese cars in large numbers.

MITI will probably hold sway with its opinion once the matter goes to Cabinet. But that may be some time away. In the meantime, there is bound to be a lot of fuss over ways in which to let the foreigners off the hook without (a) antagonising home car makers, and (b) stirring up Japanese public opinion over a policy of "reverse" discrimination.

Whichever path is taken, foreign car manufacturers must already be emitting a sigh of relief over MITI's new-found concern for their welfare. They may even get a chance, if the relatively lax Muskie standards are adopted, to do better at selling in Japan than they have done until now. But they may also slip up if, under the guise of an exemption, they do not move fast to build less-polluting engines; exempt status is a short-term thing and 1980 is not far off.

Foreign companies were grilled by the Environmental Agency in late May and June. All of them, including several Europeans as well as General Motors, firmly said their cars could not meet the Japanese standards by 1978. But according to MITI, at least one (un-named) foreign maker indicated that conformity by 1980 might be feasible.

MITI is now trying to reach its own opinion on the car exhaust question, although it may not publish one formally until September. Car exhaust is to expand its share of the rotary engine market. The agreement was reached with Audi NSU and Wankel holders of the rotary engine patent. Until now, the Hiroshima-based company could not build rotary engines outside Japan, under the terms of a licence from the German company. Furthermore, they could not sell engines in either Europe or North America.

Anticipating market growth for rotary engines, Toyo Kogyo applied for a revision of its licence arrangement. The agreement, clinched at an undisclosed cost to the Japanese company, will open up the European market to Japanese rotary engines, although Canada, the U.S. and Mexico are still off limits, for both sales and manufacture. (Toyo Kogyo, however, has a technical co-operation agreement with General Motors to help out with rotary engine

development at the American car company.)

How much business Toyo Kogyo hopes to generate from the revised licence is unclear. The company is not likely to launch a manufacturing facility in Europe, where it has already sent holders themselves, as well as Fichtel and Sachs (now under a takeover bid from Britain's GKN), are already present. But their licence does allow them to build engines anywhere besides North America, so it could well be the harbinger of production facilities in one of the cheap-labour locations in south-east Asia.

Of equal importance is the extension of the types of engines Toyo Kogyo is allowed to produce. So far it has concentrated on the use of the engine primarily the one used in its Mazda passenger cars. But there are other applications too. Already, in Japan, Yamaha is building marine and chain-saw engines using a Wankel licence.

Toyo Kogyo wants to enter this market, and its management is gambling that other, new applications, can be found to make the whole rotary effort worthwhile.

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# FINANCIAL TIMES REPORT

Wednesday August 11 1976

## Offshore Investment Centres

Criticism in some quarters of the role of offshore investment centres has proved no brake to progress. Indeed, demand for their services continues to grow.

Role in world finance

Thomas Kelen

There have been few developments recently in the offshore investment centres. This is hardly surprising since their livelihood depends on a stable and secure political and economic environment. Residents of the high-tax countries have been less than forthcoming in their support for these centres. Changes in such countries inevitably have their repercussions on the flow of replacement. However, Bahrain and of individuals abroad.

The introduction of negative interest rates and other monetary restrictions in Switzerland, at made the Swiss franc as an investment currency less attractive but not so Switzerland as a financial centre. The liberalisation of foreign exchange control in Singapore has extended the available financial services. In general terms, however, it did not change the status of Singapore as one of the leading offshore centres.

### Newcomers

New centres emerged under government control. One is Nauru, a remote island in the Pacific which now offers "tax haven" facilities. Jordan has a new set of legislation aiming to give full offshore services in the very near future. Cyprus and Greece removed restrictions to attract more international business and conferences were held in Cairo and Tehran in order to bring together the leading experts of the sophisticated Western financial centres with the representatives of the local governments to discuss further possibilities.

The role of offshore financial centres is changing, although this change is evolutionary rather than revolutionary. But the principal features of the offshore centres themselves are not.

tion on any particular transaction and the freedom from exchange control are pre-requisites. The point of particular emphasis should be given the total absence of taxation and exchange control are not essential. London, Singapore and the Bahamas all have exchange control restrictions but they operate them liberally and intelligently in such a way as to give virtually complete freedom to intermediary business in non-domestic currencies. Panama, for instance—a classic example of a financial centre of its own right—imposes a fairly substantial tax burden on its residents and on most persons doing business there, but there is no tax on foreign-source profits.

Taxation is an important factor in the choice of a centre but the secrets of success are more subtle than just not having taxes on foreign-source profits. Much of the international business—for instance when a bank borrows on the interbank market and lends it to another bank—is carried out for a very small margin, say one-quarter per cent. or even

less. A tax on net profits, that is the quarter per cent. turn less expenses, may not be a real deterrent although other things being equal it would be preferable to handle these transactions in a low tax jurisdiction. Taxes on gross interest are much more serious; a withholding tax, even at a modest rate of 5 per cent. would kill any offshore business more surely than a 50 per cent. tax on net profits. If a bank has to pay the 5 per cent. withholding tax on the money borrowed (and assuming that the lender is in a tax-free jurisdiction, therefore not interested in credit relief for the withholding tax) it will have to pay correspondingly more for its funds. The intermediate bank, therefore, will not be competitive and would only borrow on the international market if domestic interest rates were raised sufficiently to justify the payment of the extra tax.

### Location

Offshore banking business is also affected by reserve ratios imposed by central banks or other monetary authorities. If the interbank market rate is 8 per cent. and 10 per cent. the deposits must be kept with the central bank, interest-free means that the bank must lend at 10 per cent. just to break even. Like the withholding tax this could be interpreted also as a tax on intermediation.

Countries seeking to encourage offshore banking business usually make special concessions designed to operate in such a way that control over domestic money supply is maintained. Other apparently small might set up in the most convenient

penalties, such as deposit insurance premiums and stamp duties can be sufficient to make international operations uncompetitive. An under-regulated system on the other hand will encourage the unsound and imprudent, and by lowering the general standards will discourage the growth of genuine business. Last, but not least, the availability and efficiency of local infrastructure is very important. Good local advice (lawyers, accountants, etc.) may be forthcoming in many places but good telecommunications, mail service and regular physical access by means of public transport are also essential.

Work permits for expatriate staff should not limit the growth of international activities and as much international business is done in English the availability of skilled English-speaking staff is important too. All these details by now probably would account sufficiently for the difference between an offshore financial centre and a simple tax haven.

"Offshore" as opposed to "onshore" should not be interpreted geographically. The actual location where a business decision is made, regardless of the final geographical location of funds and administration, could equally take place in a city office, a Kensington house, Miami Beach or elsewhere. The use of various financial centres, including offshore investment centres, by the international business community has become a well accepted and established corporate financial technique. The already very complex business environment, which on top of that is sometimes changing extremely rapidly, has a genuine call for greater flexibility in operations. An individual may escape the heavy burden of taxation simply by emigrating; an entrepreneur might set up in the most convenient

CONTINUED ON NEXT PAGE

## Use by multinationals

CONTRARY to popular belief multinational company does not solve all its tax problems and deprive the host country of much needed revenue) by using a financing subsidiary in an offshore centre. Indeed, using a bond issue out of Bermuda or Luxembourg may be the first instance of counterproductive. If a British or American company borrows on its own market the interest will normally be deductible against otherwise taxable profits. If the borrowing is a direct obligation of a company with no taxable income to offset, the borrowing is on the face of it twice as expensive.

It is an elementary principle of international tax planning to try where possible to ensure that the income flow arises in the group member countries with the lowest effective tax charge. It should be equally obvious that where there are charges against income such as interest the converse is true and less charges should be taken where possible against profits at the highest available rate.

I particularly stress "where possible" because all industrial countries have detailed and actively enforced legislation designed to prevent the artificial transfer of income under their jurisdiction into a tax haven. Nevertheless, companies do all themselves to offshore financing subsidiaries and thereby they have good reasons for doing. Offshore financial centres can play an important role in company financial planning. Usually they do not have dramatic and improper tax advantages but merely give a considerable degree of flexibility and help to ensure that the same profits are not taxed twice in different countries.

A multinational group of companies will have cash assets and liabilities in several currencies and in several currencies. The skilful management both of the resources and of borrowing is a major task of the corporate treasurer. He has to account of two types of tax factor—currency risk and change control (by whatever name called). He has to take account of two tax factors—the treatment of interest paid

and received and the tax treatment of foreign exchange gains and losses.

The first of these is well enough understood; the second less so. Many British companies may soon be discovering that foreign exchange losses on long-term liabilities are not deductible, even though competent advisers have argued this point in public and in private for many years. Some of the problems now coming to light could have been avoided by the use of offshore financial centres.

This first point to be made about interest on borrowings is that the biggest single source of corporate funds to-day are funds held by those who are not liable either to tax or exchange control restrictions in their countries of residence—the Eurobond and Eurocurrency markets. Contrary to the fears of some in the EEC Commission these funds are not typically of EEC residence evading their tax by sheltering behind Swiss numbered accounts, but represent Arab oil money, the funds of the overseas Chinese and to quite a large extent international pension funds which are tax-sheltered as a matter of deliberate government policy.

The other element is mostly money which has been extracted from Latin American and African dictatorships and is seeking insurance against a change of regime. If such funds can obtain a return of 10 per cent. interest for a particular currency, maturity and risk they will almost always be invested in a country imposing a 25 per cent. withholding tax on interest where they can obtain 15 per cent. gross from that money to give them the required 10 per cent. net. Many countries realising this have modified their tax rules deliberately to permit their native companies to borrow from this market without withholding tax.

**Deduction**  
A British company can be taxable on the chargeable gain, including that part of the sterling value asset representing the appreciation of the D-mark, but there would be no corresponding deduction of the liability. I know of one company which found itself in the position that if it sold a foreign asset and paid off its associated borrowings it would lose £1m. on the commercial deal but would have to deal with about £500,000 tax on the gain as calculated in sterling.

Work done and published about a year ago showed clearly that, over a five-year period, interest rate differentials between the major currencies consistently understated the exchange risk inherent in those currencies. Throughout that period the corporate treasurer would always have done best to borrow the apparently most expensive currency offered to him, whereas the investor in Eurobonds should have been going consistently for the lowest current yield.

strictly can be made to apply by the use of a device known as the Swiss roundabout) even though the funds are borrowed for the purpose of foreign subsidiaries. Why then should a British company borrow through an offshore financial centre?

There are a number of reasons. The U.K. tax rules are generous in permitting the deduction of interest against U.K. profits even when the money is invested to generate profits which are not subject to tax in the U.K. (and in certain circumstances where the Dutch, for instance, would specifically disallow the deduction). If a British company borrows \$10m. when the exchange rate is \$2.50 and repays the borrowings when the exchange is \$1.75 it will in sterling terms have to repay £1.7m. more than it had borrowed but gets no tax relief for this loss.

Those who five years ago borrowed dollars (or still worse D-marks or Swiss francs) in order to "save one or two points on the interest" will find that they greatly misjudged the exchange risk. The effective cost of the borrowing would have been over 20 per cent. on the basis that the exchange loss had been deductible. The actual cost, given the tax regime, has proved to be well over 30 per cent. in many such cases and this extra cost could have been avoided with a proper understanding of the tax position.

In many cases a British company had to borrow foreign currency rather than sterling for exchange control reasons. The corporate treasurer who borrowed D-marks to invest in Germany might have been forgiven for thinking that because his assets and his liabilities were in the same currency his exchange position was hedged. He might be forgiven but nevertheless have made a very expensive mistake.

If he were to-day to realise his investment and repay his borrowings the company would be taxable on the chargeable gain, including that part of the sterling value asset representing the appreciation of the D-mark, but there would be no corresponding deduction of the liability. I know of one company which found itself in the position that if it sold a foreign asset and paid off its associated borrowings it would lose £1m. on the commercial deal but would have to deal with about £500,000 tax on the gain as calculated in sterling.

Work done and published about a year ago showed clearly that, over a five-year period, interest rate differentials between the major currencies consistently understated the exchange risk inherent in those currencies. Throughout that period the corporate treasurer would always have done best to borrow the apparently most expensive currency offered to him, whereas the investor in Eurobonds should have been going consistently for the lowest current yield.

parent company profits) or borrowing at the level of operating subsidiaries seeking the deduction there.

Exchange control factors will often limit the choice or at least restrict the range of currencies that can be borrowed in one particular way. U.K. exchange control regulations virtually compel overseas expansion to be financed by foreign currency borrowings and, as I have shown, U.K. tax rules are generous about permitting deduction. Only when one looks at the anomalous and unsymmetrical treatment of exchange risk is it realised that it is generally not attractive to borrow at U.K. parent level.

Borrowing at subsidiary level, perhaps with parent company guarantee, can eliminate this exchange risk problem. With a thinly capitalised company which has \$10m. assets and \$10m. liabilities the exchange risk is probably asymmetrically hedged, as the U.K. parent would be taxed only on the net gain from disposing of the subsidiary.

**Limitation**  
Borrowing at subsidiary level raises its own problems. First, the tax laws of the country of operation must permit interest to be deducted, and if the borrowing were to be on the Euromarkets, to be paid without withholding tax. This is often the case, although many countries have limitation on thinly capitalised companies and others have relevant exchange control restrictions.

There is also a practical difficulty. The parent company may also decide that the time has come to raise, say, \$20m. on the international market. This money will be needed in several different countries and not necessarily in the same countries at the same time. There may be a major expansion in one particular country which makes it temporarily cash-hungry, or the company elects to have a positive cash flow two years hence.

A parent company wants to be sure that it has its \$20m. on a long-term basis, but wants to be able to divert its money throughout countries and currencies as situations change. An offshore financial subsidiary can give this flexibility and can make it much easier to solve the exchange control problem. The setup does not, I repeat, necessarily save any tax.

There are methods by which tax liability on interest can be reduced by intermediary companies and there are tax advantages, though in general limited ones, to be derived in this way. Few companies can achieve the ideal, which is to ensure that all the borrowings are deductible against taxable profits, whereas the interest received accumulates tax free.

International groups seeking to raise money for their operations generally have a choice between borrowing at parent company level (and seeking the interest deduction against

parent company profits) or borrowing at the level of operating subsidiaries seeking the deduction there.

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## OFFSHORE INVESTMENT CENTRES II

# Growing importance to banks

IT IS NOT realised sometimes just how great a reliance major international banks nowadays place on offshore financial centres. London's key role in the Eurodollar market (especially for U.S. banks) is well known. What is less well appreciated, however, is the growing importance of the more exotic offshore centres. Until recently, these places were considered of use principally to smaller U.S. banks which wanted access to the Eurodollar markets but could not afford the cost of a London branch. Over the past few years, however, such centres have begun to assume an increasingly important role in the international banking strategies of the world's leading banks. That their increasing importance has gone virtually unnoticed may be partly due to the fact that bankers themselves are unwilling to draw attention to the phenomenon.

Two factors have been at work. First, growing restrictions in the more established financial centres have reduced banks' room for manoeuvre there, which makes most offshore centres which offer freedom from reserve requirements, interest rate controls and other onerous restrictions, look attractive.

### Benefits

Second, the fiscal benefits of channelling business through so-called tax havens are becoming increasingly important. The case of U.S. banks operating in London illustrates the point. During the twelve months to February, 1976, U.S. banks' London operations increased their assets by 8.8 per cent. to \$72.9bn., while U.S. banks currently under 30 per cent. of their assets are paying taxes on U.K. earnings which cannot be fully offset against their U.S. taxes.

By pushing business through the Bahamas, for instance, a U.S. bank escapes any immediate tax liability, although earnings will be taxed when they are eventually remitted to North America. However, until then the element of deferred tax works in the banks' favour and, more important, the bank is not paying excess tax which cannot be reclaimed.

As a result there are now clear advantages for a U.S. bank to book "discretionary business" through an offshore branch in the Caymans or the Bahamas. A loan to a Greek shipowner, for example, could be arranged by a bank's London office but may be funded out of its Singapore or Nassau branch and the profits may be

### U.K. BANKS' BUSINESS WITH OFFSHORE CENTRES

	1971	1972	1973	1974	1975	1976 (March)
<b>U.K. LIABILITIES</b>						
Bahamas	313	524	893	1,127	2,281	2,933
Hong Kong	85	158	569	957	1,350	1,521
Bermuda	212	319	456	690	814	916
Lebanon	166	215	317	603	753	783
Panama	348	403	673	803	749	918
Cayman Isles	31	91	174	245	691	816
Singapore	92	120	276	480	632	693
Liberia	70	84	96	113	299	388
Netherlands Antilles	—	—	3	8	149	149
<b>U.K. CLAIMS</b>						
Bahamas	1,108	1,383	2,994	3,025	5,363	5,586
Singapore	167	392	664	1,237	1,743	2,048
Hong Kong	24	113	435	965	1,528	1,335
Panama	279	433	802	1,087	1,390	1,429
Cayman Isles	6	24	244	406	1,332	1,262
Liberia	90	187	448	565	813	830
Netherlands Antilles	230	259	271	154	183	181
Bermuda	57	81	115	144	136	119
Lebanon	12	6	37	52	69	69
New Hebrides	—	—	29	27	19	6

Source: Bank of England Quarterly Bulletin.

\* External liabilities and claims of U.K. banks in foreign currencies.

taken in these places. Such book-keeping matters are delicate, and if the U.K. tax authorities can establish that the bulk of the work was done in London, the London branch can be taxed on the transaction.

Nevertheless a growing number of U.S. banks now feel that the benefits of putting more of their business through places such as Nassau are such that they outweigh the disadvantages of risking upsetting the U.K. Inland Revenue. The figures speak for themselves. During the twelve months to February, 1976, U.S. banks' London operations increased their assets by 8.8 per cent. to \$72.9bn., while U.S. banks currently under 30 per cent. of their assets are paying taxes on U.K. earnings which cannot be fully offset against their U.S. taxes.

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controls is also having a profound effect on the offshore banking market. U.S. banks are doing far more of their former "offshore" lending direct from head offices. Since the removal of the controls three years ago, U.S. banks' foreign assets held at the head offices have risen by 134 per cent. to \$63bn. By comparison offshore assets (via foreign branches) have grown by only 45 per cent. to \$181bn. and while offshore business is still far more important for U.S. banks, the gap is closing and this is reflected in the fact that more of the decision-making on foreign lending is based at home. This in turn is adding to the revival of New York's international influence, which is emphasised by the steady stream of foreign banks which are setting up New York operations.

Another feature is the relative decline in the importance of London as an offshore centre, partly because of its tax disadvantages and partly because of more fundamental changes in the offshore banking market itself. In Europe, Luxembourg is considered by some banks as a realistic alternative offshore centre for the Eurodollar market. Last month two Danish banks, Privatbanken and Den Danske Bank, opted for the Grand Duchy rather than London as a base for their Eurodollar operations.

A better indication perhaps of how London's role in offshore banking is changing is given by the way various banks are reacting to the demise of Beirut—a formerly thriving offshore centre which used to be described as the "Zurich of the Middle East". Some, such as Citibank, have moved their regional headquarters to the Greek, while a far greater number have removed to Paris. Bank of America has moved its Mid-East regional headquarters there and Fidelity Bank's affiliate, Banque de la Méditerranée (in which it has a 33 per cent. stake) has also opened in Paris. By contrast very few banks have moved their Mid-East operations to London.

At the moment such moves are regarded as holding operations only, and bankers are waiting to see whether Beirut can regain its former pre-eminence if and when the civil war finishes. But the longer it takes the greater the odds are against Beirut recouping its position in the offshore banking market.

A number of other Mid-East centres are picking up Beirut's lost business. Bahrain has been quick off the mark. Last October it set up an offshore banking enclave. So far 32 banks have been issued with offshore banking licences. They include most of the world's major banks and another 20 have submitted applications. There is a growing feeling that a substantial proportion of Gulf oil revenues will be deposited with Bahrain's offshore banks.

Progress to date confirms this. At the end of June the 16 banks actively trading had built up assets of \$3.5bn. and observers believe that within a year the figure could be \$10bn. This sort of growth far exceeds that of the Asian dollar market which, although operating for more than seven years, still amounts to around \$13bn. only.

Bahrain is not the only contender for Beirut's former position. The United Arab Emirates (UAE) has announced that it is setting up a rival offshore banking enclave and will allow about 12 offshore banking units to operate in its territory. With Bahrain, the UAE Currency Board wants only the world's largest banks to apply for licences.

Other aspiring Mid-East offshore centres are watching the progress of Bahrain and the Emirates with interest. Cairo has set up an offshore banking zone and could theoretically make an attractive alternative to Beirut but its advantages are clouded by the city's appalling communications and heavy bureaucracy. Teheran is another possible contender but its attractiveness, as with so many of the potential Mid-East

centres, is lessened by insistence on majority local control of banking operations. Jordan has recently thrown its cap into the ring. A new companies registration law has been introduced, allowing foreign companies to set up local branches which will operate outside Jordan and will benefit from tax exemptions. Apart from the tax incentive English is almost as widely spoken in Amman as it is in Beirut and its international appeal is enhanced by high efficient telecommunications.

Outside the Middle East, offshore banking has been developing more slowly. Hong Kong progress continues to be inhibited by the existence of 15 per cent. withholding tax and the authorities' refusal to grant new bank branch applications. Since 1965 only one bank—Barclays Bank International—has been given permission to open in Hong Kong.

In Singapore the rapid growth of the Asian dollar market has slowed down. At the end of 1975 the 66 Asian Currency Units (ACUs) based in Singapore controlled assets of \$12.6bn.—a 22 per cent. increase over the year. The market continues to rely heavily on interbank activity and dependent on London for most of its funding. At the end of June last, Asian dollar loans non-banks stood at \$8.5bn., a deposit from non-banks at \$2.1bn. To help stimulate further growth of the Asian dollar market the Singapore authorities have announced a number of tax changes in the recent budget. The tax rate on interest and commission received by ACUs on offshore lending has been cut from 10 per cent. to 5 per cent. In addition, non-resident deposits with ACUs and approved dollar bonds or Singapore Government tax-free bonds by non-residents have been exempted from estate duty from the beginning of 1976.

William H

## World finance

CONTINUED FROM PREVIOUS PAGE

venient place for his particular business. The corporate treasurer or finance director of a multinational enterprise, however, must learn to live and make the best out of the given circumstances.

The mere fact that no tax or exchange control restrictions exist in an offshore financial centre concerned does not, of course, mean that the use of such a centre will eliminate the user's tax and exchange control problems. The corporate treasurer must assume the role of what we might well call the "financial engineer" and optimise his problems. Optimisation in this case does not mean minimisation (that is avoidance) of tax but it means the maximisation of the after-tax profits on the capital employed.

Reverting to a more usual language, take the example of an international company setting up a subsidiary in a low tax jurisdiction. It may be able to arrange for part of its profits to be generated in or diverted to those territories in order to reduce or at least defer tax liability. This operation is immediately subject to attack from a number of directions.

Exchange control or tax rules in the parent country may prevent the setting up of the offshore company in the first place. Rules prohibiting the transfer of various assets or imposing a penalty on certain types of corporate reorganisations are more likely to prevent the transfer of existing activities than the setting up of new ventures.

There are a number of other tax-saving arrangements, such as transfer pricing, by which products are routed at a modest price to a low-tax centre and the goods then invoiced on to the ultimate markets at higher prices. Payments for royalties, services and interest could accrue from various sources to the subsidiary or intermediate holding company in an offshore centre. Many of these arrangements are used in order to avoid double taxation because of the lack of the appropriate double tax treaties.

Offshore centres may have other specialist roles to play such as the use of the "flag of convenience" by shipping companies. Pension funds may use them for the benefit of long-term expatriate employees and operation is successful—that is the offshore company does exist and can be used as a "money-

box". Funds would be accumulated here faster because, at least of the temporary tax-free environment, and will therefore increase the overall (that is international) liquidity of the group. These now may be put into effective use with increased flexibility. From an economic point of view there may be a temporary loss of revenue, however a faster expansion is financed which, quite apart from making profits for the company, will create employment and revenue and thereby enhance economic growth at an international level.

It must be noted again that at a time when the money at box is emptied, dividend is paid to the parent in a highly taxed country, or the company may be wound up. In any event, what has been achieved is a deferral of tax rather than its complete avoidance.

In recent years the anti-avoidance legislations have proliferated considerably, restricting the scope and capability of these operations. The EEC tax harmonisation measures have also diminished somewhat the importance of offshore centres. Nevertheless, the lack of withholding tax on interest payments allowing flexible international operations has retained the significance of offshore centres.

Despite the lack of economic growth in the developed countries, because of increasing

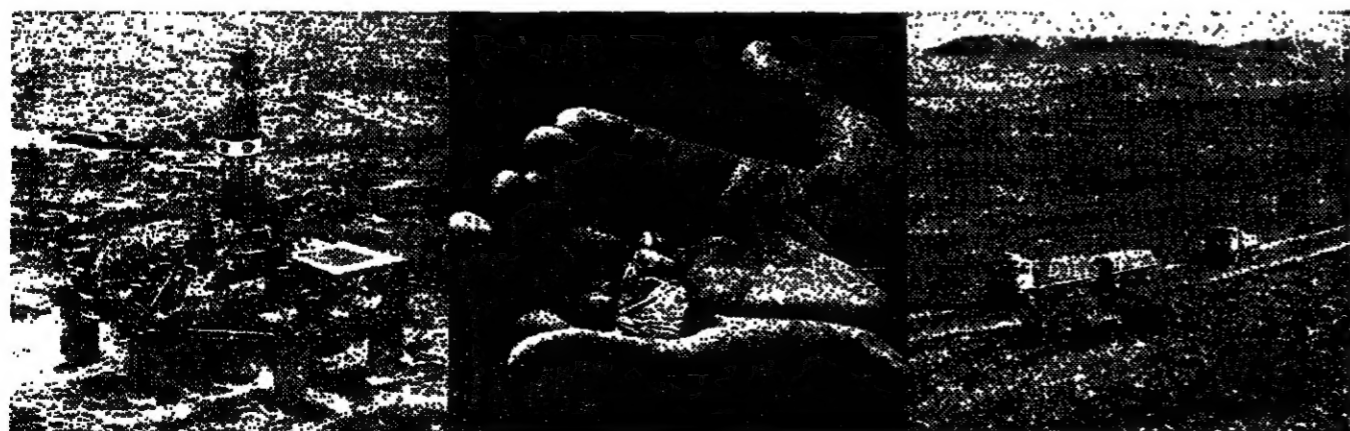
government interference in international business, in view of the already self-generated tax-free economy, coupled with enormous transfer of wealth the untaxed Middle Eastern future of the "offshore club" is likely to be bright. Profitability, however, remains only with those centres which provide impeccable out-of-the-ordinary services, obvious advantages such as location, communications, financial infrastructure and fiscal and legal stability, changing business environment of the developed countries, always produce new or different uses for these centres, their fulfilling or rather justifying their existence in promoting making more flexible the business of the world.

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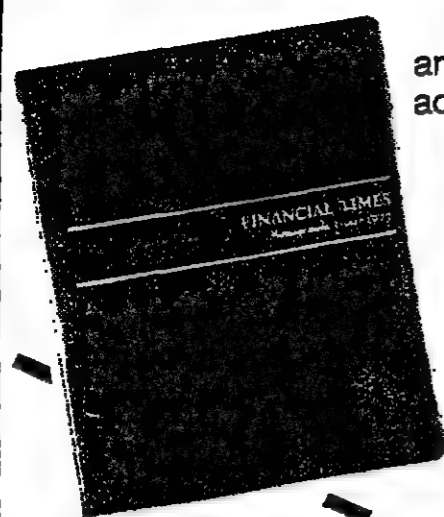
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## LABOUR NEWS

### Hospital doctors reject Ennals peace proposals

BY DONALD MACLEAN

HOSPITAL DOCTORS have rejected a peace move made by the Government in the dispute about overtime pay for those below consultant grade.

The conciliatory move by Mr. David Ennals, Secretary for Social Services, followed a meeting last month between the doctors and Mr. James Callaghan, the Prime Minister.

The doctors have threatened to step up their industrial action which is affecting ten of the 14 National Health Service regions in England.

Dr. David Wardle, chairman of the hospital junior staffs committee of the British Medical Association, wrote to Mr. Ennals yesterday expressing their rejection.

The so-called junior doctors are taking various kinds of action, and in the main working only a

basic week of 40-hours, operated flexibly, so as to maintain cover of emergency cases. In some hospitals emergency cases only are being covered. Some doctors are not doing any work of colleagues absent on annual or study leave except at locum rates of pay.

The juniors feel that the Government is breaking an agreement reached early this year on overtime pay during periods of leave. This agreement led to the suspension of action by the doctors over the broad question of overtime pay.

The letter delivered to Mr. Ennals followed a meeting of the hospital junior staffs committee executive in Birmingham on Saturday. It was recommended by the executive that existing regional industrial action should continue, and that a meeting of

the full hospital junior staffs committee should be held to-morrow week "to consider the escalation of industrial action."

Some junior doctors have felt there should be a walk-out of hospital doctors after a period of notice.

Proposals put forward by Mr. Ennals, according to Dr. Wardle, would lead to an "administrative nightmare."

"When a doctor changed jobs his salary would be worked out on a different formula from his previous job. He would then receive a supplement to make up the difference from his previous salary. The next pay rise to which he was entitled would be used to pay for this supplement so that in the end he would take a pay cut. It seems grossly unfair that such doctors should lose the 24 days to them under the pay policy."

### NALGO to attack Government cuts

BY CHRISTIAN TYLER, LABOUR STAFF

LEFT-WING trade unionists, hoping for a showdown with the Government over its economic policy at the annual Trades Union Congress in three weeks' time, have persuaded the moderate National and Local Government Officers' Association to speak out on public expenditure cuts.

After much argument on NALGO's national executive an amendment to the TUC agenda has been approved, which though less hostile than Left-wingers wanted brings the union into the front rank of Labour's policy critics.

The amendment, to a one-line resolution from the Fire Brigades Union, says that Congress "notes with alarm the admission by the Department of Employment" that the July 22 public expenditure cuts of £1bn. will lead to loss of 110,000 jobs.

It calls for economic expansion sufficient to realise the TUC target of bringing unemployment down to 600,000 by 1978, and says present policies "can only lead to further sterling crises and further panic measures, and

therefore higher unemployment."

NALGO's only resolutions on the preliminary Congress agenda had been to demand consultation on public sector budgeting and the rise of vandalism by young children.

Another big public sector union, the National Union of Public Employees, has reacted to the July 22 measures by preparing an amendment which points out that the TUC General Council report in the June special Congress on pay policy spoke of vigorous opposition to further cuts.

Both NUPE and NALGO have mounted public campaigns against spending cuts, and have warned that they are ready to back strike action against individual local authorities.

But according to reports coming out of the TUC General Council, their leaders have not attempted to press the TUC line which is to protest at the cuts but not risk an open break with the Government that could lead to a Conservative victory at the next General Election.

Union reactions to recent Government measures will appear in the final Congress agenda due next week.

### Job cuts will cause £1m. 'dole' mix-up

By David Churchill, Labour Staff

THE Department of Employment has admitted to Civil Service unions that manpower service imposed by the Government will lead to about £1m. a year being wrongly paid in unemployment benefit.

To achieve 1,300 staff savings in the department it is planned to pay unemployment benefits fortnightly instead of weekly. After trials, the department calculated that £1m. will be overpaid to claimants who find work during the fortnight between visits to labour exchanges. Only half of this amount is likely to be recovered, believes the department.

The department also estimates that savings in staff and stationary will result in reduced costs of about £2m. a year.

Other changes include quarterly signing-on for claimants over 50 years of age who have been unemployed for two years. The Department also wants legislation to stop students claiming unemployment and social security benefits during the short university and college vacations.

If all these changes are introduced about 7 per cent. fewer staff would be needed to administer benefit.

### More savings

The manpower cuts are also likely to mean delays in parts of the Employment Protection Act due in the next year. In particular, this will hamper the rights of wages inspectors to demand details of wages in certain industries.

Further savings of about 1,000 staff are planned in other agencies. For example, about 680 jobs in the Employment Services Agency will be saved by stopping expansion of the occupational guidance service.

### Three strikes disrupt output at Leyland

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

STRIKES IN Coventry, Oxford and Liverpool continue to disrupt the drive by Leyland Cars to achieve an overall output of 22,000 cars weekly by the end of the month to meet productivity targets.

Five-hundred operatives in the Triumph trim shop at Coventry again walked out yesterday over an increase in track speeds made to meet buoyant demand. This did not have an effect on final assembly but 1,400 Dolomite assemblies had to be laid off because of a shortage of bodies from Liverpool, where 35 body shop workers went on strike over the disciplining of one man.

At Oxford, 300 Princesses and

Maxis were lost on the night shift by a second protest over the fact that a previous shift had been stopped 15 minutes early because of an internal dispute. The men were not paid for this period and are demanding a full shift's money.

Production at Jaguar in Coventry was normal again after the ending of an inter-union strike.

## IN BRIEF

### Certification

The controversial certification of unions is now entering its most testing stage. The latest report of the Certification Officer, published yesterday, shows that 49 of the 55 unions still awaiting a certificate of independence are non-TUC associations, many of which, the TUC says, should not be approved.

As already reported, one target of the TUC's attack, the Shipbuilding and Allied Trades Management Association, has been granted a certificate and one more body, the Quilb U.K. Staff Association, has been refused, to make a total of six so far.

### Pay increase

More than 600 stable lads at Newmarket are to get a pay increase of £2.50 a week as a result of an agreement reached at the recently formed National Joint Council for Stable Staff.

### No news

Commercial radio stations throughout Britain were without their usual national news bulletins yesterday because journalists at London Broadcasting which supplies the news service stopped work to attend a compulsory union meeting. The journalists are in dispute over pay and conditions.

### Permit appeal

Four Asian newspaper workers face deportation after being sacked for taking part in a strike at the Daily Jani, Britain's first Urdu daily paper. The Society of Graphical and Allied Trades has approached the Home Office to lift the deportation threat, which occurs because a work permit automatically expires when the holder is dismissed from his job.

### Ringway cargo go-ahead

MR. PETER SHORE, Secretary of State, Environment, has granted planning permission to Manchester Airport Authority for construction of an air cargo terminal on land at Manor Farm, Ringway.

## Art galleries worry over 'Palmer fakes'

BY JAMES McDONALD

Leading London art galleries now some doubt was sold and auctioneers were embarrassed yesterday by disclosures in The Times that for some years they may have been accepting and selling imitations—as original drawings by Samuel Palmer, the 19th-century water-colourist.

The Leger Galleries bought four drawings thought to be by Palmer, paying, it is understood £9,400 for one in 1970.

Another over which there is

Sotheby's for £18,000. A spokesman for Leger Galleries said: "We are considering the Times article. At the moment we are prepared to remain unconvinced that the Palmera are genuine, but we are reviewing the situation. We are keeping a close eye on what comes to light."

A spokesman for Sotheby's said: "We cannot comment present. Our expert, Mr. Fitch will be in the office to-day at may make a statement."

## Banking figures

(As table 9 in Bank of England Quarterly Bulletin) ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIO AND SPECIAL DEPOSITS

1-Banks	July 21, 1976	Change on month
Eligible liabilities		
U.K. banks	20,114	+1,821
London clearing banks	2,113	—
Scottish clearing banks	—	—
Northern Ireland banks	1,371	—
Accepting houses	3,423	—
Other	—	—
Overseas banks	2,396	—
American banks	317	—
Japanese banks	1,724	—
Other overseas banks	135	—
Consortium banks	—	—
Total eligible liabilities	34,938	+2,000
Reserve assets		
U.K. banks	2,749	—
London clearing banks	281	—
Scottish clearing banks	—	—
Northern Ireland banks	282	—
Accepting houses	767	—
Other	—	—
Overseas banks	438	—
American banks	43	—
Japanese banks	302	—
Other overseas banks	30	—
Consortium banks	—	—
Total reserve assets	4,966	—
Ratio (%)		
U.K. banks	13.7	—
London clearing banks	13.3	—
Scottish clearing banks	—	—
Northern Ireland banks	16.6	—
Accepting houses	14.1	—
Other	—	—
Overseas banks	14.6	—
American banks	13.7	—
Japanese banks	16.9	—
Other overseas banks	22.3	—
Consortium banks	—	—
Combined ratio	14.2	—
Constitution of total reserve assets		
Balance with Bank of England	303	—
Money at call	1,796	—
Discount market	188	—
Other	—	—
Tax reserve certificates	1,446	—
U.K. Northern Ireland Treasury Bills	—	—
Other bills	144	—
Local authority	511	—
Commercial	—	—
British Government stocks with one year or less to final maturity	476	—
Other	—	—
Total reserve assets	4,966	—
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	203	—
2-Finances houses		
Eligible liabilities	283	—
Reserve assets	30.3	—
Ratio (%)	10.7	—
Special deposits at July 21 were £1,000m. (up £20m.)		
Commercial		
Eligible liabilities were £23,770m. (up £258m.).		
Northern Ireland banks were not available because of industrial action by bank employees.		
Total figures for all banks for 3 include those for Northern Ireland banks for May 1976.		

## London Clearing Banks' balances at July 21, 1976

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all banking sectors subject to credit control. Minor differences here arise from exclusion from the clearing bank figures of County, a subsidiary of NatWestminster but a clearing bank in its own right.

TABLE 1.		Total		Change on		Total			Change		
AGGREGATE BALANCES		outstanding		month		outstanding			month		
		£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
LIABILITIES											
Sterling deposits:											
U.K. banking system		2,856		-	161						
Other U.K. residents		23,407		+	651						
Overseas residents		1,639		+	23						
Certificates of deposit		1,867		+	161						
of which: Sight			29,819		+	704					
Time (inc. CDs)			11,166		+	474					
			18,653		+	290					
Foreign currency deposits:											
U.K. banking system		2,878		-	89						
Other U.K. residents		625		+	37						
Overseas residents		8,438		+	161						
Certificates of deposit		1,059									
			13,950		+	109					
			42,869		+	412					
Total deposits			6,993		+	439					
Other liabilities											
TOTAL LIABILITIES			49,862		+	1,252					
ASSETS											
Sterling											
Cash and balances with Bank of England			1,077		-	4					
Market loans:											
Discount market		1,304		+	220						
U.K. banks		4,247		-	235						
Certificates of deposit		887		+	10						
Local authorities		1,241		-	60						
Other		302		+	31						
			7,981		-	44					
Special deposits with Bank of England											
U.K. banks and discount market			8,389		+	6					
Other			7,534		+	119					
U.K. residents			1,660		+	279					
Certificates of deposit											
Local authorities											
Other											
Special deposits with Bank of England			873		+	5					
U.K. banks and discount market			1,799		+	56					
Other			22,656		+	1,061					
U.K. residents											
Certificates of deposit											
Local authorities											
Other											
Special deposits with Bank of England											
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Certificates of deposit											

# The Management Page

EDITED BY JOHN ELLIOTT

Fluidrive Engineering started raising productivity on existing plant long before the NEDO industrial strategy was prepared. Kenneth Gooding outlines how it was done.

## An alternative to big investment

ONE OF THE most significant for 15 years. Board changes making deliveries. "We put still a switch to shift working at the right time by a deal in which Fluidrive makes standard aluminium fluid couplings specially for its representatives in the U.S.

To return to the NEDO industrial strategy philosophy, many of its working parties emphasised the importance of the relationship between competitiveness and the level of technological development in an industry.

Several expressed concern that their particular industry's response to the need for innovation had not been sufficiently rapid, or on a sufficiently large scale, to maintain a competitive position in world markets. Although there were areas where a U.K. product or system innovation led the field, there was a lack of follow-up.



Mr. Richard Miles, the managing director of Fluidrive, who joined the company three years ago and initiated the changes.

Mr. Miles explained that "We did a lot of talking to a lot of people both in and out of working hours." Through this face-to-face approach the team overcame the industrial relations difficulties Mr. Miles found when he took over—problems that should not crop up in a company the size of Fluidrive.

He set up a communications group and its first theme, was "survival in inflation," emphasising that working capital needed to be reduced. The group also discussed what was entailed in the employees' various jobs.

The communications group has graduated into a consultative group with a mixture of shop stewards (elected by all the shop stewards) and other employees. This year the group is considering the company's development, where investment should be made, and which areas might have been neglected in the past. The need for profits is constantly emphasised. Says Mr. Miles: "I find no antagonism to profits, only to profiteering. There is a considerable understanding among employees here of what it is all about."

### Couplings

This technique was developed by Mr. Harold Sinclair, who set up Fluidrive in 1980. The world-wide market for fluid couplings is worth \$40m. to \$50m. and Fluidrive's turnover last year was \$2m., on which it made taxable profits of \$581,000. The other set, causing the latter to rotate and drive the machinery.

Three years ago, like so many other medium-sized engineering companies, Fluidrive seemed in danger of making a perilous plunge—something management had had to be halted quickly, control as to reduce the time its results in 1973 were its worst between receiving orders and

### Machine tools

Last year's \$300,000 investment programme has been expanded to \$480,000 for the current financial period. The money will be spent mainly on new machine tools in order to help productivity. The company has been able to generate the cash for investment because it has escaped the worst pressures of the recession.

The hefty export content of the order book (40 per cent. of direct exports) was boosted just

### BUSINESS PROBLEMS BY OUR LEGAL STAFF

#### Inventor's rights

Where it is necessary because of his contract for an inventor to assign to a company which employs him the patent rights of an invention, to what extent must the company recognise the rights of the inventor by granting royalty payments? What sort of professional advice is obtainable in such matters?

The terms of your contract of employment will govern the right to royalties on an assignment of your patent. Statute does not prevent your making whatever bargain you may have struck with your employers, nor does it override them. You should consult a Patent Agent—addresses can be found in a Law List in your local library.

#### Bank's business day

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as the heading "Business day" possible.

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Telephone: 031-226 1438 Telegram: Abinitio, Edinburgh



## The reformers strike again

By ELSBETH GANGUIN

THE reformers are at it again. Shortages of skilled labour during economic booms was one of the main reasons for the 1964 Industrial Training Act. The same charge cropped up again when the 1973 Employment and Training Act was introduced. Now we are told once more that shortages of workers with transferable skills—that is, skills relevant to the needs of more than one employer—have acted as a major constraint on economic expansion throughout the post-war period.

The problem is that some employers tend to cut back on recruiting apprentices in times of recession while others try to avoid the trouble and expense of training by buying in the skilled craftsmen they need. The latest solution to be proposed by the reformers is what they call collective funding—in which initial training in vital occupations would be collectively financed by both Government and employers.

### A proposal for a fund financed by industry and Government to provide training in vital skills has met with criticism

both training and their own operations, the 1973 Act provided for the Treasury to cover the cost of board operations and of key grants. This may now be changed.

Representations have been made that public funding of these costs has lessened the accountability of boards' staffs to their industries, has reduced the discretion exercised by board chairmen and members, and that the imposition of certain government controls which follow from the use of public funds have led to some increase in the staff required by both training boards and the Training Services Agency, with no corresponding benefits to efficiency or training, says the document. "The consequence of continuing the present arrangements could be a deterioration in the effectiveness and standing of the boards in the medium to long-term."

### Vital skills

"Training for vital skills," the consultative document which contains these plans, has had a lukewarm reception since it was issued by the Department of Employment and the Manpower Services Commission in a June. It proposes that industry and the Government should both contribute to a collective fund, which would then pay for all or part of initial training in transferable skills. The Government and industry would decide which skills are of sufficient importance to the economy to justify recruitment targets would be fixed annually and employers would be paid from the fund under a contract covering the training of agreed numbers. It is suggested that either the Government and employers would share the funding of this, perhaps on an equal basis, or that industry's contribution would be levied through the industrial training boards.

The document, which is long and involved, sets out a number of variations on this theme which means that realistic cost estimates cannot be made until a final version emerges. But it is suggested that the cost of the fund to employers should not exceed, and could generally be lower than, 0.25 per cent. of their payroll. If responsibility for paying training board operating costs were to come back to employers, up to 0.15 per cent. of payroll might have to be added.

In this context it should be remembered that while the 1964 Act stipulated that the boards had to raise money to finance requirements of kids." But above all he wanted "all-party agreement" without political quarrels before any new legislation was drafted. The 1964 Act was based on such an all-party agreement while the 1973 Act was inspired by the Conservatives.

Others believe that it is wrong to mix training board operating costs, estimated to add up to £28m. this year, with the issue of transferable skills. "They are trying to turn back the wheel too soon. The general feeling is that this is not a real problem at present and should be left alone," is a typical view. More important, perhaps, is the fear that this proposal, if accepted, would tend to perpetuate "classical" skills and to entrench the apprenticeship system at a time when the re-training of adult workers in new skills might seem more appropriate. There is also scepticism about the likelihood of realistic manpower forecasting in cyclical economic situations.

Then there is the question of what a vital occupational skill is when technological change might well cause the decline or the advancement of a particular skill. Funds would have to be balanced between different occupational skills and there might be a local demand for a particular skill which would not be reflected nationally.

"One cannot escape the impression that an attempt is being made to look for sources of finance for an expensive project of doubtful validity," declared one critic. Yet it is also known that the Engineering Industry Training Board is keen for the Government to give it statutory authority to raise an additional levy which would not be subject to exemption and which would be used to support training in transferable skills; but perhaps not in the way the present document is suggesting.

### Young people

It will be interesting to see what the final verdict on these proposals for changing the industrial training pattern once again is to be. Even if it were possible to sort out the supply of "vital skills" it would still be a problem to find the right young people for training. There are far too many young people for whom long-term training opportunities are not appropriate. To bring them in from the cold (and from remaining the hard-core unemployed) may well require collective funding of its own.



## Rembrandt country is Rabobank country.

This etching of Rembrandt van Rijn (1606-1669) is typical of one of the aspects of the artist's life: Rembrandt never travelled farther than 60 miles from Amsterdam, and yet he created art with a worldwide appeal.

Along the banks of the Amstel River, he sketched the tiny hamlets and sturdy windmills that still dot Holland's flat countryside.

**Centrale Rabobank.**  
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Centrale Rabobank is very much at home in Holland. With its traditional agricultural background, Centrale Rabobank heads a co-operative banking group with well over 3100 offices and a balance sheet total of 46.1 billion hard Dutch guilders (about US \$17 billion).

This makes Rabobank not just one of the largest banks in Holland, but also the bank with deep roots in almost all sectors of Dutch economic life. We are now ready to expand worldwide with a full range of commercial and investment banking services. And we like to do it in the good Dutch tradition of solidity, with an eye for detail and imagination.

**Centrale Rabobank**

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**INTERCOM**  
SOCIETE INTERNATIONALE BELGE DE GAZ ET D'ELECTRICITE

(Societe anonyme incorporée en Belgique et enregistrée au Commercial Register of Brussels)

**POINTS FROM THE DIRECTORS' REPORT FOR THE COMPANY'S FINANCIAL YEAR ENDED ON DECEMBER 31st, 1975**

During the year 1975, the generating sets of the Company, as well as the portions representing its participation in joint gas stations, produced 8,331 GWh as compared with 9,398 GWh in 1974. The Company drew from other producers, (Thénage 1 and from Choix (France), a total of 2,223 GWh (as against 971 GWh in 1974).

Gas distributed during the year 1975 amounted to 1,295 million m<sup>3</sup>, as compared with 1,054 million m<sup>3</sup> in 1974 (quantities expressed in m<sup>3</sup> of natural gas, i.e., an increase of 22.9%).

Finally, sales of steam amounted to 19,765 (as against 19,888 million kcal against 19,888 million kcal in 1974).

The capital expenditure of the Company during the financial year reached 6,992 million Belgian francs.

The results of the financial year allow the payment of a dividend, net of Belgian withholding tax (précompte mobilier) of BF 129 on each of the 12,000,000 shares (representing the capital on December 31st, 1975).

By virtue of the bilateral tax convention between the United Kingdom and Northern Ireland on the one hand, and Belgium on the other hand, withholding tax on dividends is limited to 15%.

Shareholders residing in the United Kingdom and Northern Ireland are entitled accordingly either to reclaim tax paid in excess of 15% or by prior arrangement through their bankers to have the deduction of tax limited to 15%.

In either case, arrangements should be made through the shareholders and bankers.

**EXTRACTS FROM THE ACCOUNTS**

	1975 (BF 1,000)	1974 (BF 1,000)
<b>PROFIT AND LOSS ACCOUNT OF THE GROUP</b>		
Net operating income	899,973	819,313
After charging depreciation of fixed assets	2,545,963	1,827,936
Income from controlled and associated companies and from other investments	3,441,141	2,923,686
Net profit after taxation	2,081,242	1,941,879
Net profit attributable to the Company	2,078,252	1,939,151
Dividend less tax	1,548,000	1,473,180
<b>NET TANGIBLE ASSETS</b>		
Fixed assets (the Group)	34,024,886	29,978,564
Trade investments	11,137,462	11,456,065
Current assets		
Total assets	51,992,238	47,333,189
<b>Debt:</b>		
Current liabilities	11,315,526	9,328,554
Long-term liabilities	21,478,716	18,031,534
Minority interests	30,391	29,719
Net tangible assets:	19,166,695	18,943,386
Representing issued share capital of 12,000,000 shares of no par value	16,137,915	16,137,915
Reserves and Profit and Loss account	3,045,711	2,902,480
Less intangible assets	19,183,626	19,040,376
	16,931	96,989
	19,166,695	18,943,386

Copies of the full reports and accounts for 1975 in French, and summaries in English may be obtained from:  
MILY AND BANK LIMITED, Overseas Branch, P.O. Box 181,  
80, Greenwich Street, London E.C.2.  
-BANQUE DE PARIS ET DES PAYS-BAS S.A., 80, Cheapside, London E.C.2.  
-BANQUE BELGE LIMITEE, 16, St. Helen's Place, London E.C.2.  
-BARING BROTHERS & CO. LIMITED, 88, Leadenhall Street, London E.C.3.  
-HILL, SAMUEL & CO. LIMITED, 100, Wood Street, London E.C.2.





## COMPANY NEWS + COMMENT

## Midway rise of 5.9% at Smith and Nephew

IN THEIR second interim report, the directors of Smith and Nephew Associated Companies announce third party sales up by 19.8 per cent, to £63.14m, and pre-tax profit ahead by 5.9 per cent, to £5.87m, for the 24 weeks to June 19, 1976.

The interim dividend is raised from 0.644p to 0.708p net, taking £1.05m.

U.K. sales and exports of consumer and toiletries have improved, compared with 1975 and are compensating for losses in the U.S., say the directors.

Mr. Stephen Steen has relinquished the chairmanship of the company and becomes president. He is succeeded by Mr. Kenneth Kemp.

The third report for the 40-week period to October 6, 1976 will be issued in mid-December.

For the first 12 weeks of the current year turnover was £11.99m, and profit £2.96m. For the year to end December 1975 the figures were £115.54m, and £11.82m, respectively, and dividends totalled £1.96p.

The company makes surgical, medical and sanitary products, paper, textiles, toiletries and plastics.

See Lex

**£0.87m.**  
by David  
S. Smith

WITH A second-half contribution up from £29.27 to £49.16, pre-tax profit of £1.64m, Smith & Nephew (Holdings), printers and carton manufacturers, improved from £78.375 to a record £87.143 in the year to April 30, 1976.

At the interim stage, when pre-tax profit was up from £24.00m to £27.00m, chairman Mr. David S. Smith said the directors hoped continued progress would be maintained.

Now, Mr. Smith says if the pace of activity experienced during the past three months can be maintained, the company's performance will be improved.

## COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Company	Dividend	Year
Lectras International Ltd.	£100,776	30.4.76
Mining Supplies Ltd.	£173,077	1.5.76
Asstra Securities Ltd.	£104,128	30.4.76
Wilson Bros Ltd.	£177,210	31.3.76
Unigate Ltd.	£8,464,242	31.3.76
Watsham's Ltd.	£110,000	31.3.76
Grindlays Holdings Ltd.	£261,538	31.12.76
The Customagic Manufacturing Co. Ltd.	£72,692	30.4.76
HAT Group Ltd.	£710,423	29.2.76
Morgan Edwards Ltd.	£116,422	3.4.76
William Cook & Sons (Sheffield) Ltd.	£51,076	31.3.76
Amalgamated Distilled Products Ltd.	£196,140	31.3.76
Grovebell Group Ltd.	£11,538	30.11.76
The Fairley Co. Ltd.	£1,183,742	31.3.76

Published by the Treasury as required by the above Act

## INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Aaronson Bros.	17	8	Owen & Robinson	17	4
Associated Television	19	5	Property Growth	16	5
Brent Walker	16	4	Rea Brothers	19	3
British Cotton and Wool	19	4	Securicor	19	1
Chamberlain Phipps	16	5	Smith (David)	16	1
Cory (Horace)	19	7	Smith & Nephew	16	1
Drayton Premier	17	8	Squirrel Horn	19	8
Gaskell (Bacup)	16	4	Sun Life Ass.	16	5
Hales Properties	16	5	Woolers Restaurants	19	4
Jackson (Wm.)	16	2	Wholesale Fittings	16	3

Mr. Smith's full year profits have risen by 12 per cent, pre-tax with the fastest growth having occurred in the second six months. Sales growth also accelerated slightly in the second half, from 12 per cent in the first six months to 13 per cent. Whether this is attributable to a general increase in demand for the group's products or to a widening of its market share is not yet clear.

But Smith's strong cash position (which is currently well above the £672,000 shown in the last accounts) must leave it well placed to take advantage of either situation. Until more is known about the present trading position, the shares are unlikely to see much, if any, upward movement, but in the meantime a yield of 10.5 per cent, covered 3.5 times, is probably adequate support for a share price of 33p.

## comment

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## W. Jackson turns in £1.64m.

Bakers, confectioners, meat product manufacturers, and supermarket operators, William Jackson & Sons close company reports profits up from £1,353,338 to £1,640,031 for the year to April 24, 1976, after a rise from £1,313,113 to £1,482,749 in the first half.

Tax for the year takes £287,037 compared with £271,913 leaving £1,352,994 against £1,211,424. The dividend is raised from 3.94p to 4.35p per 50p share.

The company's liquidity position is strong. A new depot in Ipswich will be opened shortly and this will extend activities into East Anglia.

The group trades as a wholesale electrical distributors.

The electrical distributors, Wholesale Fittings, seems to have had a dull year with the 9 per cent increase in turnover probably relating mostly to price increases. In the first three months of the current year, the volume of business was also only slightly better than in the comparable period last year. Meanwhile, profits have suffered. Excluding the insurance claim items, the pre-tax fall has been over 18 per cent. While waiting for a real return in demand for electrical fittings from the commercial and industrial sectors, the group is expanding its area of business into the fast developing East Anglian region.

The new depot at Ipswich is expected to start trading by mid-September. The shares rose 3p yesterday to 39p (excluding the insurance item) to cover 2.3 times, while the p/e is 2.3.

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## Wholesale Fittings tops £1m.

RESULTS OF THE Wholesale Fittings Company, for the 33 weeks ended April 30, 1976 show a further increase in turnover, which for the first time exceeded £10m. Profits before tax amounted to £1.04m, compared with £987,000 in the previous year.

Earnings per 20p share are up from 12.5p to 13.7p and the net final dividend is 3.06p making a total of 4.71p compared with 4.29p previously.

The profit includes £222,127 in respect of an insurance claim for loss of profits due to a fire which seriously damaged the company's former head office in November, 1974. The claim has been settled and the amount of £222,127 is included in profit before tax representing that part of the claim relating to the financial year.

The balance of £87,606 after tax, relates to the previous year and has been treated as a prior year item.

Turnover and profit before tax for the first six months were adversely affected by the fire. Since the figures did not include any amount in respect of the claim, it is not possible to make direct comparison between turnover and profits for the two halves of last year, the directors say.

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## Gaskell (Bacup) upsurge

FIRST HALF 1976 turnover of Gaskell and Co. (Bacup) increased from £2.59m to £2.26m, and pre-tax profit expanded from £139,223 to £300,363, which exceeds the £224,877 for the year 1975.

The interim dividend is lifted from 1.98p to 2.17p net per 20p share. The 1975 total was 3.03p.

comment

Gaskell and Co.'s interim figures compare with a particularly depressed period in the previous year but, even so, more than doubled pre-tax profits — on margins increased from 5.8 per cent to 9.2 per cent — put the group well on the road to achieving full-year results around the peak 1973 level. A substantial improvement in volume sales has been greatly boosted by two new floor covering products, one of which is benefiting from being at the cheaper end of the range. However, ahead of a real recovery in consumer demand for domestic durables, business prospects are overshadowed by the rising costs of raw materials, particularly wool, which are difficult to recover in an increasingly competitive market. The shares at 62p, up 3p yesterday, give a maximum yield of 14.2 per cent.

## Brent Walker profit cut

A DROP in pre-tax profits from £222,127 to £194,046 is reported by leisure group, Brent Walker for 1975. Turnover for the year amounted to £4.2m, against £3.22m, previously.

Earnings per 5p share before extraordinary items are 0.73p against 3.39p. A net final dividend of 0.68835p makes a maximum permitted total of 1.01835p compared with 0.93263p previously.

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Mr. Peter Smith, chairman of Securicor Group, seen after yesterday's Press conference at which he announced a 23 per cent. increase in first-half profits.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date	Carrying payment	Total last year	Total this year
Aaronson Bros.	0.33	Oct. 8	0.5	1.8	1.8
Aeronautical and Gen.	0.23	Oct. 1	0.23	2.03	2.03
Aquila Securities	0.22	Sept. 10	0.38	1.02	0.93
Brent Walker	0.67	Nov. 4	3	10	10
Boulevard Copper	0.50	Jan. 5	0.5	0.56	0.64
Borace Cory	0.2	Sept. 30	0.17	0.56	0.64
Dinkie Heel	0.24	Jan. 5	0.5	0.56	0.64
Drayton Premier	1.4	Sept. 17	1.4	5.05	5.05
Gaskell (Bacup)	2.18	Sept. 17	1.35	2.42	2.23
Hales Properties	1.34	Oct. 8	0.38	4.34	5.04
Wm. Jackson and Son	4.34	Oct. 8	0.56	1.34	1.34
Owen & Robinson	10	Oct. 1	0.24	1.62	1.62
Rea Brothers	0.67	Oct. 1	0.54	6.44	6.44
Securicor Group	0.27	Oct. 1	1.01	2.17	2.17
Security Services	0.4	Oct. 1	0.64	1.34	1.34
Shires Investment	2.8	Sept. 30	1.41	4.29	4.29
David S. Smith	1.17	Oct. 4	0.64	1.34	1.34
Smith & Nephew	0.71	Oct. 8	0.38	1.34	1.34
Squirrel Horn	0.3	Oct. 8	0.38	1.34	1.34
Wholesale Fittings	3.07	Oct. 13	2.70	4.72	4.29

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and on acquisition issues. (a) Per 25p share before one-for-one scrip issue and consolidation into 30p shares. (b) In pence.

## Chamberlain Phipps has good start

At the annual meeting yesterday of Chamberlain Phipps chairman Mr. W. R. Chamberlain affirmed that the current year would produce an appreciable increase in profits and earnings per share.

In the year ended March 31, 1976 profits fell from £1.28m to £0.89m, and earnings were down from 2.54p to 0.91p.

Mr. Chamberlain revealed that profits for the first quarter of the current year not only very considerably exceeded the equivalent period in 1975, but were better than in any quarter in the last financial year.

Recovery had taken place in all divisions, both in the U.K. and overseas, and exports were running 60 per cent. ahead of last year. There had been a significant improvement in the general industries divisions.

About difficulties in the British footwear industry, which market accounts for approximately 40 per cent of the company's sales, Mr. Chamberlain said that because the company was obtaining an increased share of available business based on new products, as well as a large increase in exports, the footwear industry had a very good quarter.

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RECENT ISSUES

Table with 4 columns: Stock, High, Low, and Price. Includes various stock listings and their current market prices.

FIXED INTEREST STOCKS

Table with 4 columns: Stock, High, Low, and Price. Lists fixed interest stocks and their market values.

"RIGHTS" OFFERS

Table with 4 columns: Stock, High, Low, and Price. Details rights offers for various companies.

MINING NEWS

First-half rise for Bougainville

BY MALCOLM DUMPHREYS  
THANKS to increased copper prices and a higher metal price, the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea, reports increased net earnings of Kina 22.5m. (£17.0m.) for the half-year to June 30 compared with K19.0m. for the first six months of 1975. An unchanged interim dividend of 5 toea (£3.5p) is now declared. The 1976 total being 10 toea.

Fresh study on S. African coal

FOLLOWING hard on the heels of the Ferret Commission report into South Africa's coal resources, which led to a rise in the controlled coal price of R2.50 (145p) to R2.75 (£2.25) a ton, comes news that a new committee has been appointed. It will be chaired by Dr. W. J. de Villiers of General Mining, which operates one of the Republic's biggest producers, Trans-Natal Coal Corporation.

BIDS AND DEALS

Ladbroke studying two acquisitions

Ladbroke Group, the book-making, casino and hotels concern, is looking at two other companies, Mills and Allen International—the advertising subsidiary of J. H. Vasseur Group—and Pleasurama, the entertainment company, with a view to a possible take-over.

CES moves into West Germany

Combined English Stores, the specialist retailing group headed by Mr. Murray Gordon and in which international mining and industrial group Lonrho has a 41 per cent stake, is making its first overseas acquisition move since setting up a joint company with Dutch group N.V. Brabant, a subsidiary of insurance company N.V. Amey, a month ago.

Aaronson up £0.24m. at midway

TURNOVER FOR the half year to March 31, 1976, of Aaronson Bros. increased from £8.74m. to £10.07m., and pre-tax profit advanced from £0.9m. to £1.14m.

And the directors report that the encouraging trend in profits has continued into the second half. Profit for the year to September 30, 1975, was £1.82m.

The interim dividend is stepped up from 0.5p to 0.55p net per 10p share. Last year's final was 1.10472p.

Due to the level of capital expenditure, the actual tax payable will be considerably lower than that provided, it is stated.

The company manufactures Contiboard, Contiplex, wood veneers, Araplas, Lacomite, Grifline, Armalex, Spanboard, etc.

comment  
The main feature of Aaronson's interim report is the one point jump in pre-tax profit margins to 11.3 per cent. Stock profits, apparently, have had little to do with this and the group attributes the margin improvement almost entirely to cost saving benefits from the recent factory move to Devon. This move was part of a 50 per cent. capacity expansion project, which also involved a new plant at Lancashire, and which is expected to show further benefits in the current six months.

Following these transactions, Pyc will be responsible for the provision of finance for CSL and Philips will continue to provide finance for Pyc Finance.

G. R. DAWES  
The official documents have been sent to the shareholders of Cole of Bilton and G. and E. Equipment and Contracts concerning the acquisition of the minority interests held in the two groups by G. R. Dawes Holdings.

At the same time Pyc has sold to a subsidiary of Philips for £407,285 cash its 24 per cent holding in Pyc Finance which becomes a wholly owned subsidiary of Philips.

On gross income up from £1.07m. to £2.03m., pre-tax revenue of Drayton Premier Investment Trust advanced from £1,526,000 to £1,548,000 for the first half of 1976. Tax takes £659,000 compared with £682,000. The interim dividend is held at 1.4p net per 25p share. Last year's total was 5.4p paid from pre-tax revenue of £3,084,282.

The net asset value per share is shown at 220p (226p at end 1975).

RACAL  
The chairman of Racal Electronics, Mr. Ernest Harrison, told yesterday's annual meeting that 1976-77 "would be another good year." "It will be the best in our 28-year history," Mr. Harrison added.

Statement Page 16

Midterm rise by Drayton Premier

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Anderson Strathclyde Limited

Table with 7 columns: Years ending 31 March, 1976, 1975, 1974, 1973, 1972, 1971. Rows include Turnover, Exports, Group profit before taxation, and Dividends per share (gross).

At the AGM on 5 August the Chairman indicated that after a rapid period of progress in difficult circumstances it was to be expected that there must be a short period of consolidation. The revisions of the Price Code seem to offer certain opportunities but the potential benefit of these revisions had yet to be assessed.

Anderson House, 47 Broad Street, Glasgow G4 2JN.



Anderson Mayor Limited.

W. TITANIUM DIVIDEND CUT

Despite increased net profits for the year to June 30 of £1.8m. (£1.38m.) compared with £1.07m. for 1974-75, the Consolidated Gold Fields group's Western Australian beach sand minerals producer Western Titanium is reducing its dividend to 14 cents (9.7p) from 21 cents (13.5p) for the same period of 1975.

GOPENG GROUP TIN OUTPUTS

In the latest batch of July tin concentrate outputs from Malaysia's mines, those in the Gopeng group, Gopeng itself reports an improved production but its 10-month total of 1,840 tonnes is still down on the 2,012 for the same period of 1974-75. Pengkalen's output is higher, however, exceeding June 1975 but the total for the year to this September to date of 1975 tonnes is still well down on the 3,001 tonnes for the comparable period a year ago.

The recovery in Pengkalen's output brings its nine-month total to 974 tonnes as against 917 tonnes for the similar period of 1974-75. The outputs are compared in the following table.

Table with 4 columns: July, June, May, and April. Rows include Gopeng, Pengkalen, and Total. Shows tin output in tonnes.

MINING BRIEFS

As insufficient members attended the recent special meeting of Daggaferries gold mine in Johannesburg in order to consider a change in the company's articles of association, the meeting was adjourned and will now be held on August 19.

As a result of lower gold prices and investment income, Canada's Kerr Addison Mines reports net income of \$3.5m. (£1.59m.) for the first half of the current year compared with \$5.0m. or 53 cents for the same period of 1975.

The decision announced in February, 1976, to place the Kamsar mine on care and maintenance prior to June 30, 1976, pending the return to copper prices, while profits in the mine can be conducted because effective on June 30, 1976.

After a first-half loss of £16,040 against profits of £66,317, jewellers and silversmiths, Owen and Robinson achieved a pre-tax profit of £5,659 in the year ended May 31, 1975 against £147,619 previously. Turnover was £285,235 against £117m.

Earnings per £1 share fell sharply from 29.3p to 2.5p. The net final dividend is again 10p, maintaining the total at 16p. The year's profit before tax of £2,109 against £83,844.

METAL INDS.

Metal Industries, a subsidiary of Thorne Electrical Industries intends to ask holders to accept early repayment and cancellation of the £1,200,000 of 8 1/2 per cent. debenture stock 1985/1990 at 82p per £100 nominal.

BS BANCO DE SANTANDER

ESTABLISHED IN SPAIN SINCE 1857

At the Annual General Meeting of Banco de Santander held on 26th June 1976, approval was given to the accounts for the year ending on December 31st 1975 and to the recommendations of the board of Directors regarding the distribution of profits for the year.

Table with 2 columns: US. DOLLARS\* and Amount. Rows include Total income 1975 before expenses, Total Net Profit, Transfer to Reserves, Payment of Dividends to shareholders, Transfer to Tax Reserves, Reserves for Possible Loan Losses, and various financial ratios like Total Deposits, Funds Borrowed, Paid in Capital, Reserves, and Net profit.

Market value of outstanding shares US DOLLARS 1,251,153,300

Increases Based on 1971 index: 100%

Table with 2 columns: US. DOLLARS\* and Amount. Rows include 490 Branches throughout Spain, 31 Branches and Representative Offices throughout the world, 106,242 Shareholders at 31.5.76, Total Deposits at 31.12.75, and Total Loans at 31.12.75.

\* (U.S. \$ 1.00 = PESTAS 60, December 75)

The British Cotton & Wool Dyers' Association Limited

In his Annual Statement, the Chairman, Mr. G. H. Lowe reported:

- \* Ordinary dividend raised to the maximum permitted.
- \* Redemption of the 4% Mortgage Debenture.
- \* Proposals to change the company's name.

Table with 3 columns: Summary of Results, 1975/76, and 1974/75. Rows include Turnover, Profit (Loss) before taxation, Profit (Loss) after taxation, For each ordinary stock unit Earnings (deficiency) of, and Dividend of.

Copies of the Report and Chairman's Statement may be obtained from: The Secretary, The British Cotton & Wool Dyers' Association Limited, Cumberland House, Lisadell Street, Pendleton, Salford M6 8QR.

## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Morgan Stanley plans commission discount scheme

BY STEWART FLEMING

NEW YORK, August 10.

EVIDENCE of intensifying competitive pressures on Wall Street is emerging with the news that Morgan Stanley, one of the more austere and powerful investment banking houses, is planning a new stock purchasing scheme offering discounts on brokerage commissions of between 50 per cent and 80 per cent.

The bank's proposals, which are expected to come into effect in September, would bring it into the small order institutional share-broking business offering discounted commissions.

A number of special restrictions on the sort of institutional investor who can participate in the scheme suggests that at present the main potential users are commercial banks. Already one major New York City bank, Bankers Trust, has confirmed that it is thinking of participating.

The Morgan Stanley system will also be suitable for commercial banks who are getting involved in providing share purchase facilities for private customers in competition with stockbrokers.

The growing involvement of commercial banks in this sort of business is generating intense controversy with the securities industry, fearing that the commercial banks will poach customers and arguing that the commercial banks are at a competitive advantage because of less stringent regulatory restrictions.

## Abercom reassures with healthy profit figures

BY RICHARD ROLFE

JOHANNESBURG, August 10.

THE MANUFACTURING and engineering group Abercom has produced good profit figures for the year ended June 30. In its first results since the surprise departure of one of its founders, Mr. Murray McLean, in April.

The figures needed to be good to reassure that all was well with the group and they are.

Pre-tax profit is up from R10.3m. to R13.2m., earnings boosted 7.3c to 59.4c, and the dividend raised from 28c to 39c. As an additional sweetener, the group forecasts 33c for the current financial year as, despite the economic slowdown, "the group is budgeting for further growth."

Whether all this will make much impact on the presently gloom-ridden market, where yields have almost ceased to be an investment criterion, is another matter. However, for the record, Abercom shares are 230c now and so yield 11.6 per cent on the 1975-76 total dividend and a prospective 13.2 per cent for 1976-77. In addition, acquisitions have raised net asset value to 273c, in the board's estimation, at June 30, so that the shares stand at a discount for the first time in many years.

The significance of this is that it has eliminated the "McLean" premium which was supposed to represent the founder's managerial skills.

Turnover was pushed from R7.8m. to R10.9m. for the year, about 31.2m. of the advance reflecting the two major acquisitions, Bunslet Taylor and L. P. Metter. The rest was spread across the board, but mainly in what might be called the capital goods sector, and with a minimal increase from the depressed building sector.

Share capital rose from 12m. to 13.8m. shares over the year, due to the one-for-ten rights issue and to the share element in the acquisitions.

Abercom spent about R6.2m. on capital account last year, which was more than on acquisitions.

## Loss for Air Canada

By Robert Gibbons

MONTREAL, August 10.

AIR CANADA, the national airline owned by the Federal Government, posted a first-half loss of \$C47.5m. against a loss of \$C30.3m. a year earlier on revenues of \$C480m. against \$C447m. The airline blamed the increased loss on the impact of recent strikes by the Canadian Air Traffic Controllers' Association and the Canadian Airline Pilots' Association, which suspended operations for nine days over a language dispute.

The airline said the disruption cost \$C22.5m. in profits. "If this shutdown had been avoided, Air Canada would be in the position of reporting that it had improved the first-half result by \$C5.3m. against the like period last year."

## Krupp new orders

Fried. Krupp Buettnerwehke said in an interim report that more stable demand for steel in the second quarter of this year meant rebates could be partially reduced. Reuter reports from Bochum, that consumers will be extended, but they were still not enough to cover costs, and the company could not break even.

Krupp said the German steel industry hopes the recent production increase by major steel consumers will be extended after the summer holidays to the whole of the investment goods industry. However, an improvement in export demand is also needed if the German steelmakers are to overcome the effects of the recession. Meanwhile, production will have to be held strictly in line with continuing unsatisfactory demand.

## Oreal shares rise

Oreal, the French cosmetics group, yesterday reported net consolidated group sales for the first half of 1976 totalling Frs2.1bn. (\$230m.), compared with Frs1.9bn. for the same period of last year, an increase of nearly 19 per cent. Robert Mauthner writes from Paris.

At stable exchange rates, and excluding members of the group which have been incorporated in the consolidated accounts since the last first-half turnover figures were published, the rise in sales was nevertheless nearly 15 per cent.

## Textile hopes

Textile Alliance, the publicly quoted spinning and weaving affiliate of Jardine Matheson, yesterday announced a slightly less gloomy result of its annual efforts, our Hong Kong correspondent writes. The company directors hoped that the company may break even in the current year. The consolidated loss totalled \$HK70.6m. (\$U.S.14.4m.) for the year ending March 31, compared with a loss of \$HK215.5m. for the previous year.

## Strategic guidelines at Union Corp.

BY RICHARD ROLFE

UNION CORPORATION'S attempt to rationalise its industrial interests via a bid for the shares it does not already own in Geduld Investments has run into strong criticism in Johannesburg and a revised offer seems likely, to satisfy outside shareholders.

The bid is so crucial to Union Corporation's industrial strategy that it cannot fail. The present proposal of a one-for-one swap of Union Corporation shares for Geduld, which values Geduld at 400c (compared with 585c assets value at June 30), may well be raised by about 100c per Geduld share, either by throwing in some cash or by raising the terms to five-for-four.

## Rationalisation

At the heart of the deal is Union Corporation's need to rationalise its widespread industrial interests, mainly concentrating on pulp, paper through Sappi and various downstream activities like tissues and household papers (Carlton paper) and corrugated containers (Kobler Bros).

As an order of magnitude, sales by these three companies are running at about R200m. and their combined profits at nearly R30m. pre-tax in their last full years.

In addition, Union Corporation will succeed, if it acquires Geduld, in consolidating its construction arm, Darling and Hodgson and will increase its shipping interests. African Coasters and Unicom. Geduld is therefore the key to maximising Union Corporation's return from the industrial companies it has been quietly accumulating and as a result to reducing its present dependence on gold. Last year, dividend income from its seven operating gold mines and from other gold investments amounted to 63 per cent of its R32.5m. total.

Where Geduld becomes crucial is that it holds 726,000 Sappi shares, 313,000 Koblers, 988,000 Darlings and Hodgsons and just over 1m. shares in Union Corporation itself.

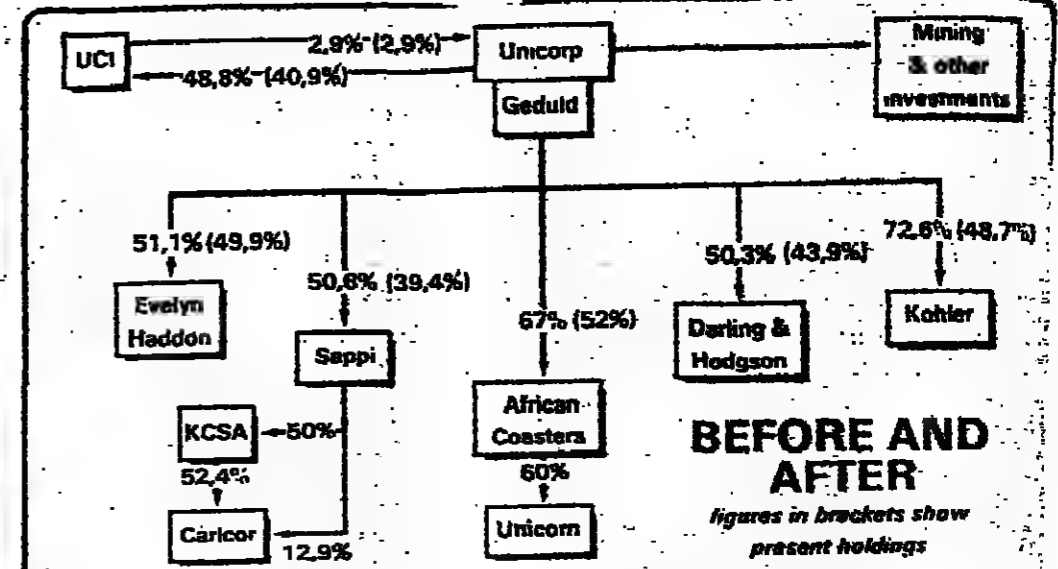


Ted Pavitt—chairman and managing director.

These shareholdings added in the case of Sappi to some 2m. Sappi shares Union Corporation recently acquired, will allow consolidation of the industrial interests to be effected. The impact on Union Corporation will then be considerable. The Board has said that had the transactions now proposed been reflected in the financial statements of Union Corporation for the year ended December 31, 1975 earnings would have been higher by R11.8m., or 16.7c per share to make 76.7c per share, while asset value would have been 30c higher at 750c.

The other attractive aspect for Union Corporation is that it is acquiring assets, in the form of Geduld's broadly-based industrial portfolio, for its own paper. Furthermore it will increase its issued share capital only, from 98.1m. to 60.8m. shares, because it is paying the Geduld outside shareholders partially in Union Corporation shares their company already owns.

In addition, while normal acquisitions involve to some extent a step into the unknown, in this case Union Corporation is



**BEFORE AND AFTER**  
figures in brackets show present holdings

acquiring assets it already controls and avoiding any additional burden on management.

Independent calculations have suggested that should Geduld remain as it is, its dividend, currently 40 cents, could at least be maintained this year while, lacking Union Corporation's exposure to gold, its base metal and industrial shareholdings could enable it to increase its dividend payments in 1977, particularly if Union Corporation follows a policy of squeezing maximum payments out of its associates. This it is argued is the reason why Geduld shareholders have nothing to lose from remaining independent.

Almost certainly the proposed deal is the forerunner to some future rationalisation of the Union Corporation and General Mining industrial interests. General Mining having raised its direct and indirect share in Union Corporation to 55.1 per cent.

General Mining's direct involvement in the Geduld deal is that it is swapping its Kobler shareholdings with Geduld for further Union Corporation

shares. But its own industrial side runs through food, shipping, petroleum, engineering and the building industry and other points of contact are evident.

General Mining itself has paid dearly for Union Corporation and control of Geduld on the cheap. General Mining covered 388m. to fund its original purchases of Union Corporation and at end-1974 its accounts recorded that fact that repayment of the loan would have to be made either from sales of offshore assets or via the securities market.

## Debt reduction

During 1975, General Mining reduced its debt by about \$7m. (though repayments proper do not begin until end-1977) and so it owed R75.5m. at end-1975, allowing for the 11 per cent securities Rand discount at the time and for the Rand devaluation last September.

But the Securities Rand discount in the aftermath of the

township riots and the gold price has widened to 32 per cent. So General Mining's net liability could be as high as R85m., less any repayments made since the beginning of 1976.

In addition, it increased issued share capital from 5m. to 8.2m. shares by the issue of 2.4m. shares to its parent, Federale Mymbou, in return for the Federale holding of 12.5 Union Corporation shares, acquired this May. These were acquired from the legends "mystery buyer" who surfaced towards the end of the bid but in 1974.

Sooner or later Federale Mymbou, which is little more than a name-plate company holding directly and indirectly 63 per cent of General Mining, will probably merge with General Mining, if only so its large cash holdings can be applied to reducing General Mining's debt. But in the meantime, the company is a nationalisation of the group's interests and the Geduld deal, the first major crack of the

## Novel proposal from Fielding may foil Aquila

BY JAMES FORTH

J. FIELDING and Co., packaging and investment group, to-day unveiled a novel proposal aimed at defeating a \$A19.5m. takeover bid from Aquila Consolidated—a consortium headed by Aquila Steel.

The proposal involves a reconstruction of Fielding, or a scheme of arrangement, under which a new holding company will be formed. This new company will issue shares equivalent to the capital of the existing company, along with an unsecured note

redeemable in December 1977. The ultimate effect of the move is to return almost \$A10.5m. to Fielding shareholders, without attracting tax.

The scheme will also enable Fielding to distribute more than twice the existing capital of \$A4.1m. With a straight capital return, under the Companies Act, Fielding would have been unable to return more than the paid-up capital.

Fielding's advisers have been working on the proposals since Aquila first launched the offer early in June. They had to avoid difficulties both with the Income Tax Assessment Act and the Companies Act. Several companies have run into problems in the past with the Taxation Commissioner over capital return schemes. These have usually involved the issue of free, or bonus, shares, sometimes including the creation of a new class of shares and repayment of one class. But the commissioner has ruled these redeemable shares are taxed the payment in shareholders' hands.

Shareholders of two large Melbourne companies — news-

SYDNEY, August 10.

paper and publishing group Herald and Weekly Times and food group Henry Jones (HJL), are currently faced with the problem. Both companies believe their schemes should not be taxed.

Fielding, however, has apparently had its proposal approved in writing by the tax department. Unlike many other plans, it does not create shares in the same company but is forming a new company—J. Fielding Holdings. The holding company will issue two 50 cent shares in place of the existing \$A1.00 shares in J. Fielding and a \$A2.50 unsecured 11 per cent note which is redeemable in December 1977, plus 27.5 cents a note in interest. The note is important to the scheme as Fielding advisers felt a straight cash payment could have created tax problems.

Fielding intends to sell a substantial part of its investment portfolio and some properties to enable the repayment of the note. Fielding has maintained all along that this is exactly what Aquila intended to do.

## More Zaire creditor banks to follow Citibank

BY MARY CAMPBELL

OTHER banks which have arranged loans for Zaire are expected to follow Citibank's lead in launching legal action against the U.S. Eximbank over its plans for a \$34.3m. loan to finance the Inga-Shaba dam project it was learned yesterday. No action has been taken as yet, however.

The factors which are being taken into account in analysis of whether to take such action or not would include the effect it might be expected to have on plans for a meeting in London on September 2 between senior officials of the Zaire Government and its commercial bank creditors.

It is understood that while banks have had considerable difficulty in the past in establishing meaningful communications with Zaire to discuss the problems which have arisen over repayment of its external debt, the Zaire Government has now agreed to send a representative with power to negotiate to the London meeting.

It is suggested that this might be the Governor of the central bank.

Zaire's agreement to the meeting was in answer to an invitation sent by a group of ten banks, international banking sources said yesterday. The nine

banks, all agents (or members) of the Zaire consortium which uses agents for syndicated loans, are reported to be the following: Bankers Trust, Citicorp, Credit Commercial de France, Grindbrandt, Morgan Grenfell, Guaranty, Soci Generale de Banque, Tokyo-Mitsubishi, and Zairebank.

The overall volume of loans for the Zaire Republic guaranteed by the Republic which have been syndicated among international banks reported to be in the region of \$800m., one of the banks to be involved in the syndicate said yesterday. It would appear that the loans syndicated by nine agent-banks would account for the bulk of this. Zaire is to have been in arrears in payments due on all this debt for some time.

The purpose of the meeting is to discuss the amounts and maturities of the outstanding loans and to reach at least a preliminary agreement on how the problem of the overdue debt is to be resolved.

The banks are likely to be preliminary agreement stretching maturities of loans and on conversion of principal.

## Albright to spend £2.3m.

FINANCIAL TIMES REPORTER

ALBRIGHT AND WILSON is to invest a further £2.3m. on the expansion of its woodpulp bleaching business in Canada.

The group is to increase the sodium chlorate production capacity at the Buckingham, Quebec plant of its Canadian subsidiary ERCO Industries.

The project is the largest item in the company's sodium chlorate investment programme over the past three years, which has included previous expenditure of nearly £5m. on a series of ERCO plants in eastern and western Canada.

Sodium chlorate is an important pulp-bleaching raw material. The new investment is designed to meet the growing demand of

the Canadian and U.S. pulp and paper industries, now recovering sharply after last year's depressed levels.

The expansion is planned for completion by early 1978. It will increase sodium chlorate capacity at Buckingham to nearly 77,000 tons a year. Total capacity of Albright and Wilson's Canadian operations will exceed 125,000 tons a year.

ERCO Envirotech, in which Albright and Wilson (through Great Lakes Paper to install the world's first effluent-free pulp bleaching system in a mill being constructed at Thunder Bay, Ontario.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	SW	OFF	CONVERTIBLES	SW	OFF
Aquila 5 1/2% 1980	102	102	Seagram 4 1/2% 1983	102	102
Aquila 6 1/2% 1980	102	102	Source: White Weld Securities		
Aqueduct 5 1/2% 1980	101	102			
Calson National 5 1/2% 1980	100	100	American Express 4 1/2% '87	82	85
1981	100	100	Ashtad 4 1/2% 1983	83	85
C.I.B. 5 1/2% 1983	101	101	Beattie Foods 4 1/2% 1982	96	100
E.C.S. 5 1/2% 1983	101	102	Beattie Foods 4 1/2% 1982	96	100
E.I.B. 5 1/2% 1983	101	102	Borden 4 1/2% 1982	91	95
Erco 5 1/2% 1983	101	102	Broadway 4 1/2% 1987	77	78
Erco 5 1/2% 1983	101	102	Canada 4 1/2% 1987	144	144
Erco 5 1/2% 1983	101	102	Coronation 4 1/2% 1987	80	83
Erco 5 1/2% 1983	101	102	Dart 4 1/2% 1987	117	119
Erco 5 1/2% 1983	101	102	Eastman Kodak 4 1/2% 1988	119	122
Erco 5 1/2% 1983	101	102	Economic Labs 4 1/2% 1987	72	75
Erco 5 1/2% 1983	101	102	Fed. Drug Stores 4 1/2% '83	100	100
Erco 5 1/2% 1983	101	102	Firestone 5 1/2% 1983	85	88
Erco 5 1/2% 1983	101	102	Ford 5 1/2% 1983	97	99
Erco 5 1/2% 1983	101	102	General Electric 4 1/2% 1987	84	88
Erco 5 1/2% 1983	101	102	Gillette 4 1/2% 1987	74	78
Erco 5 1/2% 1983	101	102	Gold 5 1/2% 1987	100	100
Erco 5 1/2% 1983	101	102	Gulf and Western 4 1/2% 1988	88	90
Erco 5 1/2% 1983	101	102	Harris 5 1/2% 1983	82	84
Erco 5 1/2% 1983	101	102	Ray McManis 4 1/2% '87	100	100
Erco 5 1/2% 1983	101	102	Reynolds 5 1/2% 1988	90	92
Erco 5 1/2% 1983	101	102	Servco 4 1/2% 1987	80	82
Erco 5 1/2% 1983	101	102	Shawmut 4 1/2% 1987	77	79
Erco 5 1/2% 1983	101	102	Tecoco 4 1/2% 1988	77	79
Erco 5 1/2% 1983	101	102	Toshiba 4 1/2% 1988	100	100
Erco 5 1/2% 1983	101	102	Union Carbide 4 1/2% 1988	112	115
Erco 5 1/2% 1983	101	102	Warner Lambert 4 1/2% 1987	94	95
Erco 5 1/2% 1983	101	102	Warner Lambert 4 1/2% 1987	94	95
Erco 5 1/2% 1983	101	102	Xerox 5 1/2% 1983	100	100
Erco 5 1/2% 1983	101	102	Source: Kidder, Peabody Securities		

## Buoyancy of Swiss franc affects Zurich Ins.

By Eric Short

The relative strength of the Swiss currency in the recent months has led to a buoyancy of the Swiss franc in the Zurich insurance business, as expressed in Swiss francs, falling by 1.9 per cent to Sw.Frs. 3.75bn. even though in local currency terms it rose by 8.5 per cent.

Gross life insurance premiums, however, increased by 10.4 per cent to Sw.Frs. 93.3m. The profit of the parent company rose by over Sw.Frs. 3m. to Sw.Frs. 33.2m. due mainly to a 10 per cent jump in investment income to Sw.Frs. 24.3m.

The group reported that it adopted a flexible investment policy last year in order to take advantage of changing economic conditions in most countries which resulted in lower interest rates and improved stock market values. It had concentrated on the acquisition of fixed interest securities holdings which were increased by Sw.Frs. 396m. to 500 nominal value.

## Profitability improves sharply at ASEA

BY JOHN WALKER

STOCKHOLM, August 10.

ASEA, the Swedish electrical engineering group, has improved its profitability during the first six months of this year according to the concern's six month interim report.

Group pretax profit rose by 40 per cent to Kr.270m. compared with Kr.197m. during the first half of last year and Kr.726m. for the whole of 1975.

Group sales rose by 5 per cent during the first half of this year to Kr.3.4bn. compared with Kr.3.2bn. for the same period in 1975. It is expected that sales will increase sharply in the second half of this year, the report states.

The intake of new orders during the first half of this year

amounted to Kr.5.2bn., an increase of 50 per cent over the corresponding period in 1975. The bulk of the increase—about Kr.1.6bn.—is in the nuclear power field. Orders outside the sector rose by 4 per cent to Kr.3.5bn. The order backlog at the end of the first half of the year rose by Kr.2.3bn. to Kr.15.4bn.

In the industrial sector order increased from Kr.378m. to Kr.525m., equal to 40 per cent of the Swedish market. Demand for heavy investment has diminished, but this has been compensated for by increases in sales of smaller equipment. Orders from Swedish customers have declined but orders from abroad have doubled.

This announcement appears as a matter of record only

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August 6, 1976



## WALL STREET + OVERSEAS MARKETS

## Index rallies 9 on bargain hunting

## Pound steady

## GOLD MARKET

BY OUR WALL STREET CORRESPONDENT

A FAIRLY STRONG rally developed on Wall Street today, Street of the possibility of a coming capital spending boom and to anticipation of a favourable Wholesale Price report from Washington on Thursday.

The Dow Jones Industrial Average climbed 9.7 to 934.3, the NYSE All-Common Index regained 46 cents to 356.76, while rises led

## TUESDAY'S ACTIVE STOCKS

Stock	Change
Coca Cola Bottling	22.10
Dow Chemical	23.20
Continental Oil	23.20
Xerox	23.20
Gen. Elec.	23.20
Am. Tel. Tel.	23.20
Exxon	23.20
Union Carbide	23.20
Reynolds Metals	23.20
Walt Disney	23.20

falls by 906 to 493. Trading volume sharply expanded by 4.9m. shares to 16.6m.

Apart from bargain hunters, analysts could find no special reason to account for the rally. In the news background, the U.S. Commerce Department reported late in the session that Retail Sales in July fell 1.2 per cent. from June. Coca-Cola Bottling of New York added \$1.75, analysts had been expecting a Life and Casualty \$1.40, Hughes Tool \$1.20 and Reynolds Metals \$1.10.

Norton Simon picked up \$1 to \$201 after higher profits. Chemicals strengthened, while Steels and Motors generally scored small gains.

The American S.E. Market Value Index moved up 0.83 to 103.89, while advanced led declines by 339 to 23.32.

Alcan Industries jumped \$2.10 to \$104.10, IBM up \$3.10 to \$278.75, Fairchild Camera up \$1.10 to \$54.10, Telex Instruments up \$1.10 to \$113.10, and Digital Equipment up \$3.10 to \$170.

Among Blue Chips, Minnesota Mining rose \$2.10 to \$61.10, Dupont \$1.10 to \$137.75, Eastman Kodak \$2.10 to \$107.10, and Procter and Gamble \$1.10 to \$92.10.

Capital Mortgage Investments firmed \$1.10 to \$11 in active trading after reporting a second-quarter profit of \$718,747 in contrast to a year earlier loss of more than \$1m.

Loews put on \$1 to \$27.10, higher second-quarter earnings, while J. Ray McDermott moved up \$1.10 to \$49.10, on first-quarter earnings more than doubled. The U.S. Commerce Department reported late in the session that Retail Sales in July fell 1.2 per cent. from June. Coca-Cola Bottling of New York added \$1.75, analysts had been expecting a Life and Casualty \$1.40, Hughes Tool \$1.20 and Reynolds Metals \$1.10.

Other Markets

## Canada again mixed

Canadian Stock Markets remained mixed in light trading yesterday.

The Industrial Share Index rose 0.49 to 188.15, Golds up on 0.71 to 231.69, Western Oils gained 1.81 to 226.59, and Utilities firmed 0.12 to 144.37. But Base Metals shed 0.18 to 92.05. Banks fell 3.10 to 249.34 and Papers eased 0.03 to 120.24.

Toronto Dominion Bank dipped to \$20.10, Canadian Imperial \$1 to \$20.10, and Bank of Montreal \$1.10 to \$20.10. Canadian National Bank added \$1.10 to \$20.10, and Bank of Nova Scotia \$1.10 to \$20.10.

Chemicals were steady, while Alcan Industries added \$1.10 to \$104.10, and Inco added \$1.10 to \$104.10. Canadian Pacific added \$1.10 to \$104.10, and Canadian National Railway added \$1.10 to \$104.10.

Other Markets

## NEW YORK DOW JONES

Italy	(a)	84.34	84.61	91.57	78.20	64.12/4.	1876.	(b)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(c)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(d)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(e)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(f)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(g)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(h)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(i)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(j)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(k)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(l)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(m)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(n)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(o)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(p)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(q)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(r)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(s)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(t)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(u)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(v)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(w)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(x)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(y)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(z)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(aa)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ab)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ac)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ad)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ae)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(af)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ag)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ah)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ai)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(aj)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ak)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(al)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(am)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(an)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ao)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ap)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(aq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ar)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(as)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(at)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(au)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(av)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(aw)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ax)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ay)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(az)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ba)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bb)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bc)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bd)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(be)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bf)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bg)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bh)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bi)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bj)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bk)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bl)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bm)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bn)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bo)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bp)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(br)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bs)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bt)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bu)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bv)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bw)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bx)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(by)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(bz)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ca)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cb)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cc)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cd)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ce)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cf)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cg)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ch)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ci)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cj)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ck)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cl)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cm)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cn)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(co)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cp)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cr)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cs)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ct)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cu)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cv)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cw)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cx)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cy)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(cz)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(da)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(db)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dc)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dd)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(de)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(df)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dg)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dh)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(di)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dj)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dk)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dl)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dm)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dn)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(do)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dp)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dr)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ds)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dt)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(du)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dv)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dw)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dx)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dy)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(dz)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ea)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eb)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ec)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ed)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ee)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ef)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eg)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eh)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ei)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ej)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ek)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(el)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(em)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(en)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eo)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ep)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(er)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(es)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(et)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(eu)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ev)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ew)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ex)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ey)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ez)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fa)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fb)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fc)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fd)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fe)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ff)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fg)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fh)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fi)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fj)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fk)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fl)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fm)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fn)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fo)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fp)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fq)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fr)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fs)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ft)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fu)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fv)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fw)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fx)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fy)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(fz)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(ga)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(gb)	84.28	84.54	91.57	78.20	64.12/4.	1876.	(gc)	84.28	84.54	91.57	78.20
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# STOCK EXCHANGE REPORT

## Widespread gains with institutional support evident

### Gilts and Golds up and share index rises 5.3 to 375.2

#### Account Dealing Dates

Option  
First Declared Last Account  
Dealing Date  
July 26 Aug. 5 Aug. 6 Aug. 17  
Aug. 9 Aug. 19 Aug. 20 Sep. 1  
Aug. 23 Sep. 2 Sep. 3 Sep. 14

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Despite widespread expectations of an announcement of a poor set of monthly trade figures on Friday, stock markets made a useful all-round improvement yesterday.

While still relatively low, recorded bargains were at 3,088, the highest since July 19 last and the slight increase in business included some selective buying by institutional investors. Leading equities were quietly firm from the start and later benefited from the steadiness in sterling and the reflected firmness in British funds. The latter saw more business than of late and rises ranged from 1 at the House close with prices tending higher in the "after-hours" dealings. The Government Securities Index hardened 0.05 to 62.30.

The bulk of the day's activity in the leaders took place in the afternoon, the morning improvement mainly reflecting marking up by jobbers and occasional bear closing. As with Gilts, the firm trend continued into the late trading and the FT 30-share index closed at the day's best of 375.2, a rise of 5.3, its biggest one-day gain for nearly six weeks.

Secondary issues were generally firm, as seen in the 3-1 majority of rises over falls in FT-quoted industrials and a rise of 0.8 per cent. to 133.10 in the FT-Actuaries All-Share Index.

Gold shares continued to rally

following a further improvement in the dollar premium and a fresh rise of 50.50 to \$133.75 per ounce in the bullion price. The Gold Mines index rallied 4.3 more to 101.6, which is 4.4 above its August 6 "low" for the year of 97.2.

#### Gilts progress

A better feeling in British funds continued throughout the official session and into after-hours business. No single factor encouraged the demand, which was liveliest at the shorter end, but the latest provisional estimates of Central Government borrowing requirement were thought to have helped late sentiment. The continuing tightness of money failed to deter the shorts, although final gains were limited to 3 and were smaller than those seen in high-coupon long: the latter slowed rises, the latter slowed rises, the latter slowed rises.

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#### ANZ advance

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liminary results, while Ward and Goldstone, in front of tomorrow's annual results, hardened 2 to 88p. Fry Holdings closed a penny firmer at 43p following news of the deal with Philips ended 3 higher at 175p, after 172p, for a two-day rise of 31. Caswell (Bacup) gained 4 at 64p on the increased first-half profits, while Scottish and Universal Investments, ahead of tomorrow's results, added 2 at 68p. The market was quiet after the hardening 3 to 135p, while Lucas Industries, 208p, and Dunlop, 55p, put on 2 apiece. Against the trend, Robert's 2 Stocks declined 3 to 110p. Garsdale closed slightly better for choice.

Beaverbrook "A" returned to popularity and closed 3 1/2 up at 33p, but there was little else of note in the Newspaper sector. Similarly, British Printing were more in vogue at 31p, a rise of 2, in other words drab Paper/Printings. David S. Smith picked up 1 to 33p on the increased profits.

#### Oil revive

After the recent downdrift, a rally in oil took Shell up 6 to 425p (the half yearly results are due to-morrow) and Ultramar 7 higher to 135p. British Petroleum were relatively quiet, but still 4 up to 425p, while Esso improved to 44p before a close of 2 better on the day at 43p. The rally in the investment came from a premium helped Royal Dutch to recover 1 to 236p. Elsewhere, Australians were firmer with Woodside-Burmah 3 to the good at 101p and Weeks National Resources 5 higher at 70p. Siebens (U.K.) were also 3 up at 133p, but Attock remained a dull market at 61p, down 3.

Property leaders edged forward in thin trading. Land Securities, at 12p, and NISPC 73p, both closed 3 firmer, while gains of 1 were seen in British Land, 31p, and English Property, 52p. Elsewhere, renewed takeover speculation spurred Apex Properties on to a peak for the year of 135p before a close of 134p for a net rise of 8. Also reflecting bid hopes, Feasey's ended 1 higher at 33p, after 32p, making a two-day rise of 5, while County and District Properties advanced 4 1/2 to 37p. Press comment on bid possibilities resulted in gains of about 3 in Property and Reversionary "A", 100p, and Property Holdings and Investment, 342p, and also led to improvements of 1 1/2 in Centro-visual Estates, 31p, and Capital Shells, 36p. Real Properties put on 3 to 32p in response to the rise in profits and scrip issue proposal. Hammerson "A" added 3 to 385p, Allied London added 2 to 38p, and the Anglo-European Properties 2 to 88p.

Overseas Traders improved in places, Gill and Duffus, 172p, S.

Wiles picked up to 3 to 77p ahead of news of the big South African contract. Elsewhere, Weyburn began firmly but later drifted back to close 4 lower on balance at 34p.

In Armer Foods, Squirrel Harro rose 2 to 30p, on the higher first half profits, while Kinloch improved similarly to 118p in front of tomorrow's interim statement. Reflecting strength in the dollar premium, Kraftco picked up 1 at 224p. Apart from Brent Walker, 3 easier at 48p following the preliminary figures, Hotels and Caterers generally moved into higher ground. Adda International finished a shade better at 12p, while Pontia, 25p, and Savoy "A", 29p, put on a penny apiece.

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#### Investment Trusts

Investment trusts were generally firm, with a rise of 1.5 to 175.2, the highest since July 19 last and the slight increase in business included some selective buying by institutional investors. Leading equities were quietly firm from the start and later benefited from the steadiness in sterling and the reflected firmness in British funds. The latter saw more business than of late and rises ranged from 1 at the House close with prices tending higher in the "after-hours" dealings. The Government Securities Index hardened 0.05 to 62.30.

The bulk of the day's activity in the leaders took place in the afternoon, the morning improvement mainly reflecting marking up by jobbers and occasional bear closing. As with Gilts, the firm trend continued into the late trading and the FT 30-share index closed at the day's best of 375.2, a rise of 5.3, its biggest one-day gain for nearly six weeks.

Secondary issues were generally firm, as seen in the 3-1 majority of rises over falls in FT-quoted industrials and a rise of 0.8 per cent. to 133.10 in the FT-Actuaries All-Share Index.

Gold shares continued to rally

following a further improvement in the dollar premium and a fresh rise of 50.50 to \$133.75 per ounce in the bullion price. The Gold Mines index rallied 4.3 more to 101.6, which is 4.4 above its August 6 "low" for the year of 97.2.

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## ENGINEERING—Continued

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Head Wrightson	47		2.6	41

16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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200	Barber and W. Hancock	200	107

40	163	91.09
41	43	2.44
42	43	1.11
43	21#	1.46
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95	76	1.48
96	76	1.48
97	76	1.48
98	76	1.48
99	76	1.48
100	76	1.48

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Conversion factor 0.7241 (0.7410)

## 25

TRUSTS-Continued

Stock	Price	% Chg	Div Yr	Div Rate	P/E	Gr.
Amgen	80	+2.99	1.4	3.82	23.7	
Amstar	122 1/2	+1.75	1.2	2.7	27.4	4
Anderson Inv	61	1.55	1.2	3.7	35.4	
Armco	60	1.75	0.5	4.37	2.2	
Avco Corp	12 1/2	7.0	1.2	8.4	15.1	
Avco Corp	86	5.0	1.1	8.9	15.5	
Avco Corp	12 1/2	2.8	1.1	8.9	15.5	
Avco Corp	18	1.87	1.0	16.6	9.9	
Avco Corp	+1	+5.62	1.3	13.0	6.6	
Avco Corp	55 1/2	10.8	1.2	13.0	6.6	
Avco Corp	47	3.74	1.2	13.0	6.6	
Avco Corp	10 1/2	1.0	1.2	13.0	6.6	
Avco Corp	120	3.65	1.0	7.3	9.2	
Avco Corp	593	110.3	1.4	2.44	8.8	
Avco Corp	45 1/2	3.54	1.0	12.0	12.7	
Avco Corp	68	2.2	1.2	4.6	26.8	
Avco Corp	70	2.2	1.2	4.6	26.8	
Avco Corp	42	3.4	1.1	5.74	8.4	
Avco Corp	42	3.4	1.1	5.74	8.4	
Avco Corp	42	3.4	1.1	5.74	8.4	

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AUSTRALIAN									
1	18	A. M. Jones	36						
2	252	A. M. & S. 30c	202	+12	607c	♦			
3	165	Brookvale 10c	143	+5	Q10c	♦			
4	235	Brookvale 10c	202						
5	30	G. M. Kaloorie 51	30						
6	50	Hampden Areas 50	88	+2	1.3	3.1			
7	86	Blair Athol 30c	88	-4					
8	30	Melrose 10c	30						
9	294	M. H. Higgs 50c	299	+5	3010c	1.8			
10	105	Mount Leitch 20c	3						
11	20	North 5c	2						
12	236	North E. Hill 51	193	+10	Q9c	1.4			
13	9	N. L. Kall 30c	7						
14	208	Oakridge 51	105	+4	Q38c	1.3			
15	175	Pacific Copper 30c	135	+14					
16	30	Franklin 15c	24						
17	17	Paringa Males 50c	54	+20	Q15c	♦			
18	300	Parramatta 30c	260						
19	13	Potting 20c	24						
20	13	Walton Min. 50c	10						
21	95	Yass 10c	6						
22	127	Yass 10c	18	+30	Q4c	0.8			
23	75	Wham Creek 20c	65						

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Alip	51	1.41	1.7	4.3
Alip	52	1.41	1.7	4.3
Alip	53	1.41	1.7	4.3
Alip	54	1.41	1.7	4.3
Alip	55	1.41	1.7	4.3
Alip	56	1.41	1.7	4.3
Alip	57	1.41	1.7	4.3
Alip	58	1.41	1.7	4.3
Alip	59	1.41	1.7	4.3
Alip	60	1.41	1.7	4.3
Alip	61	1.41	1.7	4.3
Alip	62	1.41	1.7	4.3
Alip	63	1.41	1.7	4.3
Alip	64	1.41	1.7	4.3
Alip	65	1.41	1.7	4.3
Alip	66	1.41	1.7	4.3
Alip	67	1.41	1.7	4.3
Alip	68	1.41	1.7	4.3
Alip	69	1.41	1.7	4.3
Alip	70	1.41	1.7	4.3
Alip	71	1.41	1.7	4.3
Alip	72	1.41	1.7	4.3
Alip	73	1.41	1.7	4.3
Alip	74	1.41	1.7	4.3
Alip	75	1.41	1.7	4.3
Alip	76	1.41	1.7	4.3
Alip	77	1.41	1.7	4.3
Alip	78	1.41	1.7	4.3
Alip	79	1.41	1.7	4.3
Alip	80	1.41	1.7	4.3
Alip	81	1.41	1.7	4.3
Alip	82	1.41	1.7	4.3
Alip	83	1.41	1.7	4.3
Alip	84	1.41	1.7	4.3
Alip	85	1.41	1.7	4.3
Alip	86	1.41	1.7	4.3
Alip	87	1.41	1.7	4.3
Alip	88	1.41	1.7	4.3
Alip	89	1.41	1.7	4.3
Alip	90	1.41	1.7	4.3
Alip	91	1.41	1.7	4.3
Alip	92	1.41	1.7	4.3
Alip	93	1.41	1.7	4.3
Alip	94	1.41	1.7	4.3
Alip	95	1.41	1.7	4.3
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Alip	135	1.41	1.7	4.3
Alip	136	1.41	1.7	4.3
Alip	137	1.41	1.7	4.3
Alip	138	1.41	1.7	4.3
Alip	139	1.41	1.7	4.3
Alip	140	1.41	1.7	4.3

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1. Q Gross      2. Figures assumed      3. No statistics  
 Corporation Tax payable      Z Dividend total to date  
 Abbreviations: d ex dividend; w ex scrip issue; e ex rights  
 ex all; d ex capital distribution.

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 fee of £35 per annum for each security

